



Decision Making

About this Topic: Decision Making



Topic Mentor

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What Would You Do?

What would you do?

Leslie is a technical manager at an industrial-quality tool manufacturing company. The products that she and her engineers develop are manufactured internally. Leslie knows the manufacturing department is overburdened and frequently delivers its products late, resulting in delayed shipments to customers. She's noticed that her competition is developing products faster by outsourcing the manufacturing process. In light of this, she's afraid that her company will lose new business. Leslie's boss has asked her to investigate outsourcing options and decide how they should proceed. She thinks the answer is clear—manufacturing the products externally would significantly save time and money. Leslie senses that her boss is in favor of this option as well. She is inclined to personally gather the information that supports outsourcing and submit a proposal to her boss immediately.

What would you do?

What may seem like a clear answer to Leslie may not be the best approach to arriving at the best business decision. In order for Leslie to make the best decision, she needs to assemble a group that will first concentrate on understanding why their current process is costly and inefficient and then will explore possible alternatives for improving the process. The group should consist of engineers as well as people outside her department; for example, someone from manufacturing and possibly sales. Including people with diverse backgrounds and areas of expertise will help her make a more informed decision. Once the team identifies the underlying reasons for the issue they are facing, they should then generate and evaluate a number of alternatives for resolving the issue. Although Leslie's inclination is to solve the problem a certain way, she should look for information and evaluate options that support alternative solutions. By involving others and evaluating a wide range of options, Leslie will increase her chances of making a successful decision.

In this topic, you'll learn how to manage the decision-making process to improve your ability to make effective business decisions.

Sometimes the obvious solution is not the best one for the organization. How can you be sure that your business decision is the right one?

Topic Objectives

This topic helps you to:

- Create a context for making successful and ethical business decisions
- Identify common obstacles that stand in the way of effective decision making
- Assess the underlying issues related to the decision
- Generate and evaluate multiple alternatives
- Make a final decision
- Communicate and implement the decision

What is decision making?



As a manager, you are faced with decisions every day. Some decisions are straightforward, such as deciding which team member to assign to a specific project. Others are more complex, such as selecting a new vendor or deciding to discontinue a product due to weak sales.

Many managers tend to view decision making as an event—a choice to be made at a single point in time, usually by an individual or a small group. In reality, however, significant decisions are seldom made in the moment by one manager or in one meeting. Important decisions, such as changing the strategic direction of a group or hiring a new manager, typically require time and input from many individuals and sources of information throughout an organization. Hence, decision making can more accurately be viewed as a *process*.

Managers who recognize decision making as a process increase their likelihood of making more effective decisions. Why? Because by taking time they are able to identify and assess the issues associated with making the decision. By involving others, they weigh different perspectives and deepen the discussion. Perhaps most important, taking a process-driven approach is more likely to lead to broader acceptance of the decision—and to more effective implementation.

Leadership Insight: Intuition

In the late 1940s, a number of smokejumpers died in a forest fire in Mann Gulch, Montana. It's a story, a tragedy, that teaches us a lot about the power of intuition and also some of the dangers

when we use intuition to make decisions.

Wag Dodge was the foreman of that crew. They jumped from an airplane to fight a forest fire in Mann Gulch back in the late 1940s, and they thought it was a routine fire at first. Within an hour, however, Dodge realized, as the most experienced member of the crew, that they were facing what's called a "blow-up," that this fire would chase them at a rapid speed, and they needed to try to escape. And so they all began running for the ridge at his direction.

Soon he realized that they couldn't make it to the ridge, or at least many of them wouldn't be able to outrun the fire. Not knowing what to do, he quickly came up with, invented a strategy on the spot, something never done before in the history of fighting forest fires. He lit a match and he threw it into some grass in an area that wasn't wooded at all and that grass area burned very quickly and he ended up with a burned out area of dirt — and he lay in it. And he called all his team members to lay in the dirt as well. They all looked at him like he was a madman, with the fire chasing them. They said, "How could you stop and do that?" And they ran for the ridge and all but two of them died being chased down by this blaze.

Wag Dodge got up after the fire had just gone right over him and dusted himself off and he was perfectly healthy. He had deprived the blaze of any fuel by burning out that area of grass, and thus he'd survived. He'd used intuition, his gut instinct.

What is intuition? It's the ability to recognize patterns based on past experience. To see a situation, and then be able to relate it to other things you've done in the past. And then either be able to come up with the right strategy or pluck a strategy from something that's worked in the past in your own experience.

That's what he did: He related this to a variety of conditions and experiences that he had been through. And he invented something on the spot. And that's the power of intuition, our ability to do that. But there is a danger here as well. Wag Dodge didn't know his crew very well. He hadn't built a lot of trust with them. And he didn't have a lot of time to communicate the rationale behind his decision.

And that's one of the risks when we make intuitive decisions, people don't understand our thought process. It's not like when we go through a big formal analysis where they can follow the steps. With intuition, it's this lightning bolt. They don't understand: How did you come to that conclusion? And therefore they don't buy into it and they don't follow our leadership. And therefore even though it was a brilliant strategy, a brilliant choice, no one else took it, and many of them died.

We think of them as "lightning bolts," but most intuitive decisions really come from deep experience.

Michael Roberto
Professor, Bryant University

Michael Roberto is a preeminent authority on strategic decision making, senior management teams, and neutralizing hidden threats to organizations. Professor Roberto has studied how interpersonal dynamics cause catastrophic organizational failures (such as the Columbia Space Shuttle accident and the 1996 Mount Everest tragedy) and how to structure decision-making processes for success.

He helps senior executives build the consensus that successful implementation of a strategy requires and uncover potential disasters before they destroy an organization's strategy.

His newest book, "Know What You Don't Know", helps business leaders find and prevent problems before they happen. In his previous book, "Why Great Leaders Don't Take Yes for an Answer: Managing for Conflict and Consensus," Professor Roberto shows how to manage the interpersonal dimensions of decision making — the social, political, and emotional aspects that so often determine success.

He is the Trustee Professor of Management at Bryant University. Professor Roberto served for six years on the faculty at Harvard Business School and has been a Visiting Associate Professor of Management at New York University's Stern School of Business.

Key Idea: Decision making as a group process

Key Idea

Managers who recognize decision making as a group process that unfolds over time increase their likelihood of making more effective decisions. Why? Because by devoting time to the process, they are able to identify and assess the issues associated with making the decision.

By involving others, they weigh different perspectives and deepen the discussion.

Perhaps most important, taking a process-driven approach is more likely to lead to broader acceptance of the decision—and to more effective implementation.

The decision-making process can be broken into three distinct phases:

- **Phase 1: Establishing a context for success** is the point at which you set the parameters for the decision making process. You'll decide who should be involved and how you'll operate as a group.
- **Phase 2: Assessing the situation and choosing a course of action** is when you determine the root cause of the issue you are trying to resolve and discuss possible solutions. By the end of this phase, your group should reach a decision.
- **Phase 3: Communicating and implementing the decision** is the final stage, during which you notify stakeholders of your group's decision and take steps to put it into action.

Keep in mind that this topic addresses business decisions that are important and far-reaching. It assumes that such decisions cannot be made effectively by one individual operating in a vacuum. However, many of the general principles conveyed in this topic can be applied to smaller decisions that, for whatever reasons, need to be made without group input.

Taking a process-driven approach to decision-making has advantages. Understanding that decision making is a process that unfolds over time can lead to broader acceptance of the decision—and to more effective implementation.

Phase 1: Establish a context for success

In this phase, you create the framework for making an effective decision. This phase includes:

- **Setting the stage:** First, you select participants and decide where to hold your meetings. Next, you determine the approach you will take to reach a decision—will you aim for consensus or vote by majority? During the meetings, especially the earliest ones, you set the tone for the group by encouraging open dialogue and promoting healthy debate.
- **Recognizing obstacles:** Certain individual biases and group dynamics can be obstacles in the decision-making process. By predicting and recognizing these tendencies, you can take steps to avoid them.

Phase 2: Assess the situation and choose a course of action

Once you have established a context for your meetings, you are ready to manage the decision-making process. This phase includes:

- **Framing the issue:** A successful decision depends on a clear understanding of the issue at hand and its root cause(s).
- **Generating alternatives:** After you've clarified the issue, you brainstorm and generate creative conflict to develop alternative courses of action and ways of proceeding.
- **Evaluating alternatives:** Next, you assess the feasibility, risk, and ethical implications of each possible choice.
- **Making a decision:** Finally, you choose an alternative.

Phase 3: Communicate and implement the decision

“Effective executives know that decision making has its own systemic process and its own clearly defined elements.”
–Peter Drucker

After you and your team make a decision, the challenge is to put it into action. This phase includes:

- **Communicating the decision:** You decide who should be notified of your decision and communicate it effectively.
- **Implementing the decision:** You determine what tasks will be required to put the decision into action, assign resources, and establish deadlines.

The right context



Creating the right *context* for the decision-making process is critical to making successful choices. This consists of:

- Selecting the right people to participate in the process
- Identifying a setting, or physical location, that will encourage creative thinking
- Choosing an approach for making the actual decision
- Creating a climate that promotes healthy debate and allows for diverse viewpoints

Participants

A group of people with diverse perspectives is more likely to generate a variety of thoughtful ideas than a group of individuals with the same background. When you choose people for your group, look for individuals who are likely to express differing points of view and who represent different interests. Your group should include:

- **Key stakeholders:** These are the people most directly affected by the decision or who have a stake in the decision. You need their buy-in to put the decision into effect. Since they are more likely to support a decision they helped make, include them early in the process to ensure an efficient implementation.
- **Experts:** Experts can educate the group and provide information about the feasibility of various options. Keep in mind that you may need more than one area of expertise represented in your group.
- **Opponents:** If you are aware of individuals who may oppose the decision and block its implementation, invite them to one or more of your meetings. Involving potential opponents early on can eliminate obstacles down the road.

Ideally, your group should be small in size, preferably between five and seven members. Depending on the complexity of the decision at hand, you may want to involve as many as ten or as few as two people in the decision-making process.

Leadership Insight: Don't go it alone

I'd like to talk to you today about decision making, and how the process of decision making can really help you get to a great conclusion and engage the team that is going to be impacted.

There are many times in my career that I have needed to address tough challenges. One of the challenges I had as a newly appointed leader of an organization was to cut a significant amount of expense in the organization without impacting our customers — our most important asset.

I looked at the challenge knowing that it was one that I could not solve myself, and I involved my team. I brought my team leaders in and asked them who on their teams knew the business the best and really could provide input on changes without putting themselves in the situation of how they would be impacted.

So as we looked at the challenge, we identified different alternatives. What are the things that we could do to meet the goal in different examples? We took that goal and came up with three major alternatives.

With those alternatives, it was important to identify what the risk was and what the reward was, and then we had to look at each plan and determine how to mitigate those risks and still meet our goal.

The most important part of this process was to communicate not only to the team on the task force, but to the people who would be impacted: "How can we solve this problem and involve our customers and our employees?"

So we phased the project in three major phases and communicated how we were going to roll out the solution in those phases. At each phase gate, we communicated how successful we were and what changes we needed to make to the plan in order for it to be most successful.

The key to success in this project was that our team was engaged throughout the process, whether they were on the taskforce or whether they were impacted, because we were communicating. The bottom line is we measure success by our customer satisfaction and we absolutely hit the ball out of the park on that.

You get buy-in and better decisions when you involve your team and your customers in solving challenges.

Colleen O'Keefe

Senior Vice President and General Manager, Collaborative Solutions and Global Services, Novell

Colleen O'Keefe is the Senior Vice President and General Manager of Collaborative Solutions and Global Services at Novell, a global IT infrastructure software company headquartered in Waltham, Massachusetts.

In this role, she combines her 30 years of operational, customer, and professional services expertise with the span of focus across solutions and services that enables her to serve customers and partners in a deeper way.

Before joining Novell, Colleen served as Vice President and General Manager of the Payment Solutions Division at NCR Corporation. She previously served as Vice President of Global Managed Services for NCR's Worldwide Customer Services division, where she was responsible of the development, marketing, and sale of NCR's portfolio of IT service capabilities.

Colleen has a bachelor's degree in economics from the College of the Holy Cross and a master's degree in business administration from the

University of Hartford. She also attended Stanford University's Executive Education Program.

Setting

To help your group generate creative solutions to problems and evaluate them critically, choose diverse settings for your meetings. Such settings might include conference rooms that you don't typically work in, off-site locations, or a familiar location with the furniture rearranged to facilitate face-to-face discussion. When people are removed from traditional settings, such as a boardroom or a supervisor's office, they tend to speak more freely because they feel less constrained by office hierarchies.

Key Idea: Approach

Key Idea

Once you've selected the participants and chosen a setting for your meetings, the next step is to determine what decision-making approach you will take. The group you assemble needs to understand up front the process it will follow and how the final decision will be made. The spectrum of group decision-making approaches includes four general types:

- **Consensus** is a type of approach in which all team members meet together to discuss the proposal openly and strive to reach agreement, with everyone accepting the final decision.
- **Majority** is a type of approach in which the group votes and the majority rules. The team leader may elect to break a tie, if necessary.
- **Qualified consensus** is an approach by which the team tries to reach a collective agreement, but if it is unable to do so, the team agrees that the team leader makes the decision.
- **Directive leadership** is an approach often best-suited to particular situations. Because of the nature of the decision or its time frame, in a directed leadership approach, the leader makes the decision and then informs the group of the decision that was made. A crisis or sudden unexpected emergency is a classic example of when this approach might be necessary.

These approaches, with the exception of directive leadership, vary in the extent that they empower the participants and create a sense of responsibility within the group. Be aware, however, that regardless of approach, when a group is trying to find areas of agreement, it may avoid exploring minority viewpoints. Your job is to encourage exploration of all ideas, regardless of the approach you will take to make the decision.

Team empowerment varies according to the decision-making approach your team adopts. Learn the four main approaches and how to facilitate them.

Climate

While the participants, setting, and approach change depending on the decision at hand, you need to create a consistent climate, or tone, for all your meetings. The climate you establish strongly influences how members of your team interact with one another.

Consider the following scenario:

A manager at a software development company has been charged with assigning limited resources to the firm's current projects. The manager calls a meeting with all of her project leaders to discuss how the resources will be allocated. The discussion quickly turns into an argument. Each project leader advocates for his or her project. The debate gets heated as the conversation goes around in circles, and each project leader disparages the others' efforts. Ultimately, the manager decides to assign the limited resources to three projects. The project leaders leave the meeting exhausted and frustrated.

What went wrong in this example? The manager did not manage the decision-making process effectively and the meeting deteriorated into an **advocacy** mode. The project leaders viewed the meeting as a competition. They advocated for their positions without considering the needs of other departments or the company as a whole. In advocacy situations, people tend to offer only the information that supports their case and omit details that might weaken it. As a result, the discussion can quickly deteriorate into personal attacks, giving rise to negative emotions.

In a perfect world, decisions would be made using an **inquiry** approach—an open process in which individuals ask probing questions, explore different points of view, and identify a wide range of options with the goal of reaching a decision that the group creates and owns collectively. In an inquiry mode, individuals set aside their personal opinions or preferences in order to arrive at a decision that is best for the group or organization.

Advocacy vs. inquiry

The following table illustrates the advocacy approach versus the inquiry approach to decision making:

Approaches to decision making

	Advocacy	Inquiry
Concept of decision making	A contest	Collaborative problem solving
Purpose of discussion	Persuasion and lobbying	Testing and evaluation
Participants' role	Spokespeople	Critical thinkers

Patterns of behavior	<ul style="list-style-type: none"> • Strive to persuade others • Defend your position • Downplay weaknesses 	<ul style="list-style-type: none"> • Present balanced arguments • Remain open to alternatives • Accept constructive criticism
Minority views	Discouraged or dismissed	Cultivated and valued
The outcome	Winners and losers	Collective ownership

While inquiry is an ideal, it is seldom met in practice. It is extremely difficult for individuals to discuss ideas or issues without expressing their opinions. A more realistic and effective technique for arriving at a decision is one that *balances* advocacy with inquiry. Group members leave their personal agendas behind and enter the meeting with the intention of acting as unbiased participants. They may advocate for a position they feel strongly about, but they also inquire into other viewpoints and consider alternatives. They understand that the goal is to find the best solution for the group as a whole, even if it means that some individuals in the group might be negatively impacted by the decision. Generally, in well-balanced sessions, people share information freely and consider multiple alternatives.

Activity: Can you set the best climate?

An effective manager is able to build climates that promote advocacy versus inquiry among team members.

During a recent discussion, Sales Manager Marcy seemed frustrated by views that opposed the majority. Is Marcy setting a climate that induces advocacy or inquiry?

☐ Advocacy

Correct choice. Because Marcy is not open to hearing opposing views, her team is likely to work harder to advocate their views. If Marcy wants to create a climate of inquiry, she should invite people to express opposing views. This will reduce competition among team members and ideas will be judged on their merits rather than individuals' advocacy skills.

☐ Inquiry

Not the best choice. Because Marcy is not willing to be open to opposing views, her team is likely to work harder to advocate them. This sets a climate of advocacy. If Marcy wanted to set a climate of inquiry, she should work to be open to considering opposing views. This will reduce competition among her team and ideas will be judged on their merits.

No matter whose suggestion was accepted as the solution, Tom would require the entire team to be accountable for implementation. Is Tom setting a climate that induces advocacy or inquiry?

☐ Advocacy

Not the best choice. By making his entire team involved in the ownership of the decision, Tom created a climate of inquiry and avoided creating winners and losers.

☐ Inquiry

Correct choice. By making his entire team involved in the ownership of the decision, Tom created a climate of inquiry and avoided creating winners and losers.

During Jessica's presentation, she made sure to present both sides of the argument for going ahead with the process changes. Is Jessica setting a climate that induces advocacy or inquiry?

☐ Advocacy

Not the best choice. Presenting both sides of the argument shows Jessica's critical thinking skills and is one of the patterns of behavior prominent in a climate of inquiry.

☐ Inquiry

Correct choice. Presenting both sides of the argument shows Jessica's critical thinking skills and is one of the patterns of behavior prominent in a climate of inquiry.

At the last meeting, Susan felt that it was necessary to be defensive of her ideas about the merger. Is Susan setting a climate that induces advocacy or inquiry?

☐ Advocacy

Correct choice. Susan's defensiveness indicates that she may have felt that her ideas were under attack, a trait common in a climate of advocacy. Susan could set a climate of inquiry by remaining open to alternatives and listening to her coworkers' feedback.

☐ Inquiry

Not the best choice. Susan's defensiveness indicates that she may have felt that her ideas were under attack, a trait common in a climate of advocacy. Susan could set a climate of inquiry by remaining open to alternatives and listening to her coworkers' feedback.

While discussing his project's status with team members, John made sure to consider their feedback on his progress. Is John setting a climate that induces advocacy or inquiry?

☐ Advocacy

Not the best choice. John's willingness to accept constructive feedback likely means that he works in a climate of inquiry.

☐ Inquiry

Correct choice. John's willingness to accept constructive feedback likely means that he works in a climate of inquiry.

Individual biases



Decision making is made difficult by common, often unconscious, obstacles that frequently inhibit a decision maker's ability to determine the optimal choice. Such obstacles include individual biases and unproductive group dynamics. While it is almost impossible to eliminate these obstacles, recognizing them in yourself and in the members of your group will help you make more objective decisions.

Here are some common examples of biases—distortions or preconceived notions—that people encounter when making decisions.

- **Bias toward the familiar and toward past successes.** We tend to base our decisions on events and information that are familiar to us.

For example, a manager remembers her launch of a new product in Spain three years ago; it was her first big marketing success. She also vaguely remembers that a similar launch strategy was *unsuccessful* in a number of other countries. Because her memories of the successful Spanish launch are so vivid, she emphasizes this experience and discounts the evidence of unsuccessful launches elsewhere. When she tries to extend a new brand into Portugal, her efforts fail. While the strategy used for the Spanish launch may have been a good starting point, her reliance on a prior success led to incorrect assumptions about the Portuguese market.

- **Bias toward accepting assumptions at face value.** We are generally overconfident in our assumptions and therefore generate too few alternatives.

For example, a manager purchases a software package offered by the largest vendor without collecting competitive bids. He assumes that because the package works for

other users in the same industry, it will work for him. He fails to investigate other software packages that might better meet his needs.

- **Bias toward the status quo.** We have a tendency to resist major deviations from the status quo.

For example, people at a company may be familiar with how to use a particular computer program and resist using an alternative, even though their program is outdated. Their resistance may be driven more by their reluctance to learn something new than by the quality of the system itself.

- **Bias toward confirming our opinion.** Once we form an opinion, we typically seek out information that supports our viewpoint and ignore facts that may challenge it.

For example, a manager searches the Internet to find data supporting her preference for focus groups in market research, but does not stop to read information that supports other approaches.

The most proactive way of preventing these biases from adversely impacting your decision-making ability is to recognize them.

Activity: Identify damaging biases

When leading a discussion, you need to cut through people's biases to ensure all ideas are given proper scrutiny. See if you can identify the biases in this team's discussions.

Jared's team has been discussing how to handle a manufacturing flaw in their recently launched children's learning software.

Jared said, "So the software has a flaw in a lesser-used module that will cause the user's computer to lock up. As a team, we want to make sure we take care of the customer, while also keeping our expenses at a reasonable level. Dan has proposed that we send out official notice of the problem and offer those customers a way to download a patch for free. What are your thoughts?"

Reba said, "We've always handled this sort of problem by pushing a patch to every client who purchased the software. Why wouldn't we just do that in this case?"

What bias does Reba show in her response?

- ☐ Bias toward accepting assumptions at face value

Not the best choice. Reba is not accepting the assumptions of Dan's proposal. Instead, she is proposing that they continue to do things in the old way.

- ☐ Bias toward the status quo

Correct choice. Reba is automatically gravitating toward the solution that the company has always used in the past without considering the benefits of alternative solutions.

- ☐ Bias toward confirming our opinion

Not the best choice. Reba is not using information to confirm Dan's opinion. Instead, she is proposing that they return to doing things the old way.

Kaitlyn said, "After considering both Dan and Reba's solutions, Dan's sounds like the best. It would solve the problem for those customers who were bothered by it and I'm sure it would save the company more money."

What bias does Kaitlyn show in her response?

- ☐ Bias toward accepting assumptions at face value
Correct choice. Rather than analyzing the solution Dan is presenting, Kaitlyn is accepting its assumptions uncritically. Safely concluding that Dan's solution will satisfy customers and save money requires more thought and critical discussion.
- ☐ Bias toward the status quo
Not the best choice. Kaitlyn is supporting Dan's new idea for a solution, not suggesting that they return to the old way of doing things.
- ☐ Bias toward confirming our opinion
Not the best choice. Kaitlyn is not using any outside information to confirm Dan's viewpoint.

Dan said, "I did some reading this morning, and I read an article where Software, Inc. did this exact same thing—and they were successful."

What bias does Dan show in his response?

- ☐ Bias toward accepting assumptions at face value
Not the best choice. Dan is not just accepting his opinion at face value; he has sought out an outside source to support his viewpoint.
- ☐ Bias toward the status quo
Not the best choice. Dan is in favor of a new solution, not a return to the old way of doing things.
- ☐ Bias toward confirming our opinion
Correct choice. Dan accepts the article without thinking twice because it confirms the opinion he has already formed.

Jared's team meets again to discuss another issue. This time, it is regarding a research aid program the company markets to high school and college students.

Jared said, "The executive team thinks that the next update of the program ought to have several more features. In particular, they think an new component that allows users to compare notes online would be a great selling point."

Kaitlyn said, "The online component sounds great. Just look at all the networking sites that have achieved success in recent years. The Business Times has been saying all year what a lucrative

field online networking is."

What bias does Kaitlyn show in her response?

- ☐ Bias toward accepting assumptions at face value
Not the best choice. Kaitlyn is bringing in examples that she believes support the position she favors, though she is not thinking critically about these examples.
- ☐ Bias toward the status quo
Not the best choice. Kaitlyn is in favor of the plan for change, not resisting it.
- ☐ Bias toward confirming our opinion
Correct choice. Kaitlyn is pulling in examples to support the opinion she favors without considering these examples critically and asking whether they really apply in the current case.

Reba said, "Whatever we do, we certainly do have to update the product. Users will only accept the same old product for so long."

What bias does Reba show in her response?

- ☐ Bias toward accepting assumptions at face value
Correct choice. Reba is making an assumption that "users will only accept the same old product for so long." This is the kind of unsupported claim that needs to be proved.
- ☐ Bias toward the status quo
Not the best choice. Reba is making a case for change here, not resisting it.
- ☐ Bias toward confirming our opinion
Not the best choice. The problem here is that Reba has not used any information to support her assumption, not that she has uncritically accepted information that supports her opinion.

Dan said, "Who says that every product needs to be updated frequently? We designed this product to do certain things, and we need to stick with that."

What bias does Dan show in his response?

- ☐ Bias toward accepting assumptions at face value
Not the best choice. Dan is not accepting the executive team's assumptions at face value; rather, he is rejecting them without consideration.
- ☐ Bias toward the status quo
Correct choice. Dan seems unwilling to ever entertain any changes to the product.
- ☐ Bias toward confirming our opinion
Not the best choice. Dan is not using any information here to support his opinion.

Group dynamics

“ We tend to subconsciously decide what to do before figuring out why we want to do it. ”

–John S. Hammond, Ralph L. Keeney, and Howard Raiffa

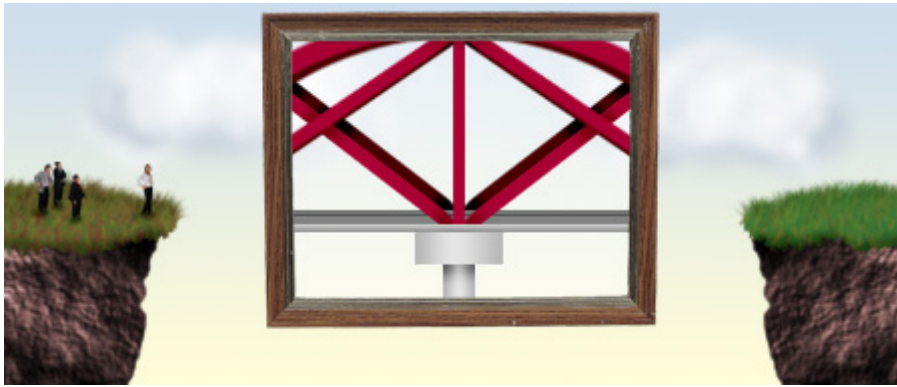
One of the advantages to treating decision making as a group process is that individual biases can be counteracted by the presence of multiple voices and perspectives.

But while groups offer different viewpoints, they need guidance to be productive. Your challenge is to *manage* the group decision-making process. Otherwise, you may find yourself confronted with one of the following extremes.

- **Excessive group harmony:** Excessive group harmony occurs when individuals want to be accepted in a group or they lack interest in the process.
 - **"Groupthink."** This results when participants' desire for agreement overrides their motivation to evaluate alternative options. In this situation, people tend to withhold their opinions, especially if their views differ from those of the group leader. They make little effort to obtain new information from experts, and they selectively filter information to support their initial preferences. They may spend a lot of time inquiring about what others in the group want so that the solution they reach will make everyone happy.
 - **Lack of interest.** Similar results can occur when participants lack interest in the process or do not feel empowered. If the group feels that the leader has already made the decision, they may go along with it, refuse to participate entirely, or accept the first reasonable alternative that is proposed in an effort to end the process.
- **Excessive individualism:** Excessive individualism is at the opposite end of the spectrum from excessive group harmony. In this situation, individuals engage in aggressive advocacy, placing stakes in the ground, relentlessly arguing their positions. They disregard the opinions of other group members and fail to consider the common good.

Extreme behaviors can lengthen the decision-making process and interfere with making good decisions. Your job as a manager is to keep your decision-making group on track so they do not head toward either of these extremes.

Symptoms and root causes



Once you've created the proper context and recognized common obstacles that can stand in the way of decision making, you're ready to frame the issue for your decision-making team. This is the point where many managers make the mistake of seeking out solutions before they understand the nature of the problem.

Consider the following example:

New Age Electronics, a toy manufacturer, has a customer support phone line to answer customer questions about assembling its products. The volume of phone calls has increased so much that the phone support associates cannot keep up with the demand. Customers have complained of waiting half an hour to get help. The manager responsible for the support line puts together a team to help him decide how to address the issue. He begins the first meeting by saying: "We have a serious problem with our customer support line. Customers are waiting too long for service. We need to fix it."

By framing the issue as a problem with the phone line response time, the team will most likely focus on ways to reduce the response time—for example, adding more phone lines, adding more phone representatives, or increasing the hours of service. These solutions will address the *symptoms* of the problem—overloaded phone lines—but may not address the *root* of the problem.

To get to the root of the problem, the team should be thinking about *why* customer calls have increased dramatically. Is one product in particular responsible for an inordinate number of calls? Is there a flaw in the design of a product, or in the assembly instructions? Are the phone support associates poorly trained? Suppose the manager had framed the issue by saying: "We have a serious problem with our customer support line. The volume of calls has increased, customers are waiting too long for service, and we need to find out why. Then we need to decide what to do about it." The focus of the team would be quite different.

Perform root cause analysis

To ensure that you get to the core of a problem, perform a root cause analysis. This is a process in which you repeatedly make a statement of fact and ask the question: "Why?"

For example, the general manager of a pizza parlor noticed that he was losing sales because his home deliveries were slower than his competitor's. His friend suggests that they invest in a fleet of delivery vehicles to solve this problem. Instead of jumping to this conclusion, the manager asks: "Our pizza deliveries are slow. Why? Our delivery associates drive old cars that are in poor condition. Why? They can't afford repairs or newer cars. Why? They don't have the

money. Why? Their pay is too low." Through this process, he realizes that the older, poorly maintained vehicles were a symptom of lower wages than those competitors paid.

Root-cause analysis can work well for an individual, a small group, or in brainstorming sessions.

A tool that can help you perform such an analysis is called a fishbone diagram. As the following illustration demonstrates, every fishbone diagram will look a little different depending on the particular problem being solved.

When confronted with a problem, think about how to frame the issue for your team. Be careful not to assume from the outset that you know what the problem is. Challenge yourself and your team to get at the core of the issue by framing the problem in a variety of different ways and assessing whether the available information supports your theories. Throughout the entire process, ask "why?" and other open-ended questions that encourage exploration rather than closed questions based on predefined assumptions about the problem.

Identify your decision-making objectives

“ If you have a 'yes man' working for you, one of you is redundant. ”
–Barry Rand

Once you have successfully framed the issue, the next step is to identify your objectives in determining a course of action. Ask your team questions like "What do you want the decision we make to accomplish?" and "What would you like to see happen as a result of the decision we reach?" Invite your group to describe their vision of the outcome of the decision as vividly and specifically as possible.

For example, if you were the manager at New Age Electronics, you and your team might come up with the following objectives:

- Reduce the average waiting time per customer to two minutes
- Reduce call volume by 40%
- Reduce average call duration to three minutes

During the objective-setting process, you may encounter significant differences in opinion from one person to another. This is a healthy part of the dialogue and should be encouraged. However, if you find your list of objectives spiraling out of control, you may want to revisit your issue. You may find that you have more than one issue to resolve.

Once you have created a list of objectives, it's time to think about the strategy you are going to use to achieve them.

Create new ideas



In order to make an informed decision, you need choices. Generating alternatives creates those choices. After weighing the merits of a variety of options, you are in a better position to make the best decision for the situation.

Consider the following scenario:

A marketing manager at a consumer products company calls a meeting with his team to discuss how to increase laundry detergent sales in Latin America. The meeting begins with silence as everyone waits for someone else to speak. The marketing manager breaks the silence by suggesting they consider changing the current packaging. Following this cue, someone chimes in with supporting statistics about packaging and consumer trends. Another person then describes the packaging of a product that has done well in Latin America. The meeting concludes with the assignment of a task force to research new packaging options.

This meeting seemed to proceed smoothly. What then went wrong? In this scenario, the manager did not successfully engage the team in generating alternatives. He didn't promote healthy debate and constructive conflict. Instead, excessive group harmony resulted in an action step based on the first idea that emerged—to investigate packaging options. There was little creativity or innovative thinking. As a result, no *new* ideas surfaced and the group settled on the first alternative suggested, which had been the manager's idea!

Brainstorming

Brainstorming is an effective way to generate different ideas and courses of action.

How do you brainstorm? Start with a blank flipchart page. At the start of the meeting ask your team members to suggest any ideas that come into their heads, or ask individuals to take a few minutes to develop their own lists of ideas to share publicly. Either way, record the ideas but don't discuss their merits at this point. Be especially careful not to allow criticism in the early stages. Instead, focus on identifying as many alternatives as possible. You can evaluate the ideas after you have a list of possibilities.

Key Idea: Encourage productive dialogue

Key Idea

Energize your team so that they will work hard to identify creative solutions. Creative conflict is essential to the generation of alternatives, but it should never be personal or divisive. Promote

team participation during your brainstorming sessions by employing the four following tactics:

- Encourage open, candid dialogue by making it clear at the outset that the final outcome is not predetermined and everyone's input will be valued.
- Suggest that people try to think outside of their individual or departmental roles. They should focus on what is best for the group using all of the available information.
- Provide closure at the end of every meeting by assigning tasks and deadlines so people are accountable for moving the process forward.
- Recognize and thank people who share their ideas and viewpoints in a positive manner—especially those who are willing to take the risk to challenge you.

Creative collaboration will fail if team members don't offer their ideas freely. How can you motivate your team to generate a number of creative solutions?

Promote fair process

Throughout the decision-making process, it is essential that your participants feel the process is fair. Specifically, they must believe that their ideas were acknowledged and considered, even if their suggestions were not ultimately adopted. This sense of fairness is critical for ensuring cooperation and buy-in when it comes time to implement the decision.

Alternatives provide the choices you will need to make an informed decision. When you encourage team participation, facilitate creative conflict, and listen to ideas, you are likely to generate a full slate of options that will serve you well as you enter the next stage: evaluating alternatives.

Variables to consider



Once you have identified the alternatives you'll consider, the next step is to evaluate those alternatives and make a final decision.

You assess the alternatives by seeing how well each one meets the objectives you established at the outset of the process. Here are some variables managers weigh when evaluating an alternative:

- **Costs:** How much will the alternative cost? Will it result in a cost savings now or over the long-term? Are there any hidden costs? Are there likely to be additional costs down the road? Does this alternative meet budget constraints?
- **Benefits:** What kind of profits will we realize if we implement this alternative? Will it increase the quality of our product? Will customer satisfaction increase?

- **Intangibles:** Will our reputation improve if we implement this alternative? Will our customers and/or our employees be more loyal?
- **Time:** How long will it take to implement this alternative? Could there be delays? If so, what impact will this have on any schedules?
- **Feasibility:** Can this alternative be implemented realistically? Are there any obstacles that must be overcome? If this alternative is implemented, what resistance might be encountered inside or outside the organization?
- **Resources:** How many people are needed to implement this alternative? Are they available? What other projects will suffer if individuals focus on this option?
- **Risks:** What are the risks associated with this alternative? Could this option result in loss of profits or competitive advantage? Will competitors respond? If so, how?
- **Ethics:** Is this alternative legal? Is it in the best interests of the customers, the employees, and the community where we operate? Would I feel comfortable if other people knew about this alternative?

Key Idea: Evaluation techniques

Key Idea

As you and your team assess each alternative, a clear choice may emerge. If further evaluation is necessary, consider using one or more of the following analytical techniques to help you reach a decision:

- **A prioritization matrix** provides a way for you to compare how well each alternative achieves your objectives. It uses weighted scores to rank each alternative; the alternative with the highest score is most likely your best choice.
- **A trade-off method** enables you to identify the degree of variation between alternatives. With this approach, you identify all of the attributes of each alternative and compare them to each other in a table. To use this technique effectively, you would need to have specific data for each alternative.
- **Decision trees** provide a visual representation of the alternatives and their strengths and weaknesses. They work particularly well for investment decisions such as whether or not to increase manufacturing capacity.

The task of evaluating alternatives is easier when you use a systematic approach. Adapt the guidelines and techniques described above to your situation, always keeping in mind the original objectives you have set out to achieve.

Once your team has generated alternatives, you'll have to decide how to choose the solution. Which would be the best systematic approach to help you reach your decision—the prioritization matrix, the trade-off technique, or the decision tree?

Prioritization matrix

To create a prioritization matrix, start by listing your objectives in making the decision and assigning them a value (highest = best). Then, make each of these objectives, along with its corresponding value, a column header for your matrix. Make each of your alternatives a row. Next, for each

alternative, rate the objectives on a scale of 1 to 10 (10 = best); then, multiply your ratings by the priority values. Add all the scores for each alternative to determine which has the higher number. This is your best decision, based on your priorities.

	Increase Profits(4)	Maintain Low Customer Costs (3)	Implement Quickly (2)	Use Few Internal Resources (1)	Total Score
Alternative A	$9 * 4 = 36$	$2 * 3 = 6$	$7 * 2 = 14$	$2 * 1 = 2$	58
Alternative B	$2 * 4 = 8$	$9 * 3 = 27$	$8 * 2 = 16$	$3 * 1 = 3$	54

Trade-offs

A trade-off table might look like this:

	Profits	Customer Costs	Time to Implement	Internal Resources
Alternative A	Profits increase by \$100,000	Cost to customer increases by \$1 per unit	6 months to implement	20 people required
Alternative B	Profits increase by \$10,000	Cost to customer increases by \$0	4 months to implement	15 people required

Once you lay out the alternatives with their associated information, consider how important these factors are to your group and/or the company, and identify the compromises that you are willing to make.

For example, would a \$90,000 increase in profits be worth the time of five extra people?

Be sure to think about the trade-offs in light of the priority you assign to each objective.

Decision trees

“ When you come to a fork in the road,
take it. ”
—Yogi Berra

Consider a situation in which you project an increased demand for your product. You and your team need to decide whether to continue manufacturing a component internally or whether to outsource the work. An oversimplified decision tree might present your alternatives as follows:

Based on this simplified decision tree, the best course of action would be to pursue Alternative B (of the two options, Alternative B offers the highest risk-adjusted net present value).

Decision trees are typically much more robust than the above illustration in that they evaluate more options and include multiple decision points. In general, the more alternatives you consider, and the more detailed tree you can create, the more likely you are to discover a solution that meets your needs. A decision tree, however, will not automatically indicate the best course of action—you will still need to assess the information in the decision tree to make your choice.

Leadership Insight: Faulty analogies

All of us reason by analogy when we make decisions. Unfortunately, when we reason by analogy, we often make mistakes as well. There is certain faulty logic that takes place when we reason by analogy in making choices.

And the story of Enron and its demise actually helps us understand how reasoning by analogy can go off the rails. During 2001 I spent a great deal of time actually researching Enron, interviewing many of its people and, thankfully, never publishing the case about Enron — which many people did, of course, thinking that they were a great success at the time. And of course they failed later that year.

The story at Enron is that Jeff Skilling invented the idea of a gas bank — the idea of creating markets where gas contracts could be traded, bought, and sold. In an environment where previously it was totally regulated, no such contracts in markets existed. It was actually a very brilliant idea that created both shareholder and social value.

And then what happened is, Enron decided, "Can we find other markets that look like natural gas where we can apply this same business model?" And they began to identify what are the characteristics of natural gas that made it amenable to this revolutionary market-based model of trading.

And ultimately they began to call this "the template," this list of characteristics of natural gas, and they would look for other industries where they could apply the template. So, they were reasoning by analogy: What is analogous to natural gas?

Well, early on they went from gas to electric power. They are pretty closely related, although there are some differences. And then they went to coal and pulp and paper. Eventually they got to broadband and weather derivatives, things that were very different than natural gas.

And of course ultimately they actually wrote that template down on piece of paper: These are the characteristics we are looking for in other businesses. And they unleashed all these talented people to go look for industries that had these characteristics. So they were looking for analogies.

The problem, though, as scholars Richard Neustadt and Ernest May have said, is that when we reason by analogy, we focus on all the similarities, and we often ignore the differences between related situations. So they were looking for things that looked like natural gas, but they often weren't discussing, "How is broadband different than natural gas?"

And the differences often is where the problems are, where the challenges are. And in fact Enron got themselves into a lot of hot water because they began to stray into businesses they didn't know as well. And I think to some extent, then, their sort of unethical or illegal behavior became a result of the fact that they gotten into trouble in businesses and didn't want to disclose the fact that they were struggling.

So, reasoning by analogy is very natural. It's how we make decisions every day, but we have to be aware that we don't only focus on the similarities between two seemingly analogous situations. We need to make sure we pay attention to the differences as well.

Previous experience will only take you so far in your next decision. Pay attention to what's different.

Michael Roberto **Professor, Bryant University**

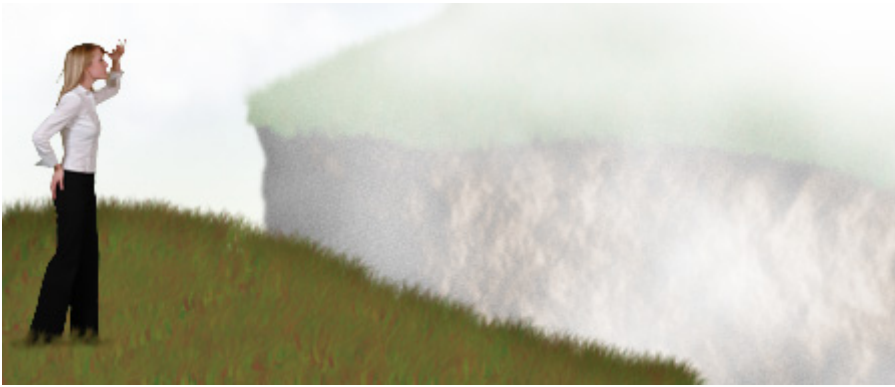
Michael Roberto is a preeminent authority on strategic decision making, senior management teams, and neutralizing hidden threats to organizations. Professor Roberto has studied how interpersonal dynamics cause catastrophic organizational failures (such as the Columbia Space Shuttle accident and the 1996 Mount Everest tragedy) and how to structure decision-making processes for success.

He helps senior executives build the consensus that successful implementation of a strategy requires and uncover potential disasters before they destroy an organization's strategy.

His newest book, "Know What You Don't Know", helps business leaders find and prevent problems before they happen. In his previous book, "Why Great Leaders Don't Take Yes for an Answer: Managing for Conflict and Consensus," Professor Roberto shows how to manage the interpersonal dimensions of decision making — the social, political, and emotional aspects that so often determine success.

He is the Trustee Professor of Management at Bryant University. Professor Roberto served for six years on the faculty at Harvard Business School and has been a Visiting Associate Professor of Management at New York University's Stern School of Business.

Qualitative considerations



In a perfect world, you would have all of the information you need and an unlimited amount of time to make a decision. Your choices would be clear and company politics would not influence your decision. Often, however, you need to make complex decisions quickly, with only partial information. The techniques for evaluating the alternatives outlined in the previous section should help you compare the pros and cons of each choice—but they don't eliminate subjective, qualitative considerations.

Move toward closure

If your group is having difficulty reaching a final decision, consider using the following methods to help your team move toward resolution:

- **Point-counterpoint:** Divide your team into two groups of equal size—Group A and Group B. Wherever possible, spread supporters of opposing ideas between the groups. Ask Group A to develop a proposal for a solution that includes their recommendations and key assumptions, and then present their proposal to Group B. Then ask Group B to identify one or more alternative plans of action, and then present those alternative plans of action to Group A. Have both groups debate the different proposals until they all agree on a set of recommendations.

For example, a finance department has been engaged in a heated debate over which accounting firm to use to audit the books this year. One group favors a big name brand, while the other favors a smaller, yet well-respected firm. Using the point-counterpoint technique, the decision-making team considers each firm and reaches a conclusion.

- **Intellectual watchdog:** Similar to the point-counterpoint technique, the intellectual watchdog technique begins by dividing the team into two groups of equal size. Group A develops a proposal for a solution that includes their recommendations and key assumptions, and presents their proposal to Group B. Instead of having Group B generate an alternative plan of action, ask Group B to critique the proposal and present its analysis to Group A. Ask Group A to revise the proposal based on Group B's feedback and present it again. The two groups continue to critique and revise the proposal until they agree on a set of recommendations.

For example, a manufacturer of office furniture needs to improve the quality of its products. The first group assumes that the problem with quality is due to outdated manufacturing equipment, and recommends investment in better equipment. The second group questions this assumption, critiques the proposal, and presents its analysis to the first group. The first group revises its proposal, and the two groups work together in the revision-critique-revision cycle until they arrive at a solution that both groups feel will improve their products' quality.

Other ways to resolve disagreements and move toward closure include:

- Revisiting and retesting assumptions
- Going back to the original decision-making objectives and ensuring that they remain appropriate
- Setting a deadline in advance

For example, "By next Tuesday we will make our decision, no matter how much uncertainty remains."

- Agreeing up front that if disagreements are unresolved, the choice will be made by qualified consensus

Key Idea: End deliberations

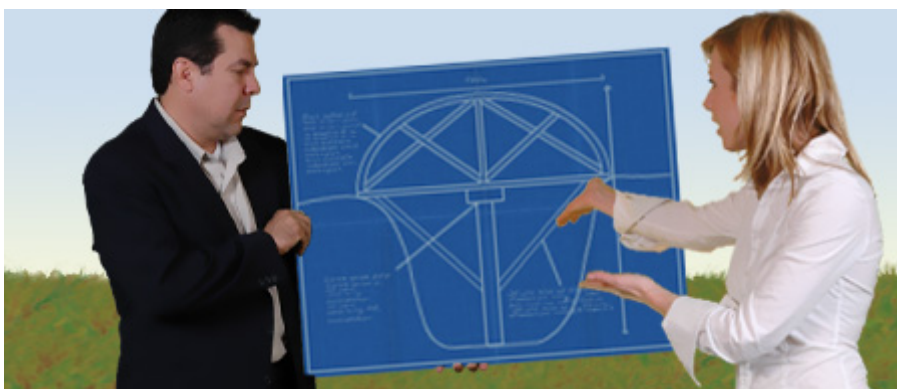
Key Idea

Knowing when to end deliberations is difficult. If you make a decision too early, you might not explore enough possibilities. If you sense that your group is rushing to make a decision, consider adjourning a meeting before making a final choice and reconvening at a later time. Ask each participant to try to find a flaw with the decision to present at the next meeting.

The flip side of deciding too early is deciding too late, which is equally problematic. If you make a decision too late, you may waste valuable time and possibly even miss the opportunity to solve the problem. If your team insists on hearing every viewpoint and resolving every question before reaching a conclusion, the result is the same: your discussions will become a tiring, endless loop. If you find your group is stuck going around in circles, it is your job as a manager to bring the discussion to closure. You may need to simply "force the issue" by establishing a deadline for a decision, using the best information available at that time.

There is danger in making a decision too early or too late. How can you avoid making this error?

How to communicate



Many managers overlook one of the most important aspects of the decision-making process: communicating the decision to everyone involved in and affected by it.

Once a final choice has been made, some group members will have to give up their preferred solution. The fairness of the decision-making process as perceived by the participants and others will determine

their willingness to support the final outcome. In communicating the decision and getting buy-in, keep in mind the following principles:

- **Consideration and voice:** Participants who are encouraged to question and debate each other's ideas are more likely to believe that the leader listened to their viewpoints and gave them serious consideration, especially if the leader demonstrated attentiveness through his or her actions—for example, by taking notes and paraphrasing what was said to show he or she was actively listening. Even if the participants' viewpoints did not prevail, knowing that they were taken seriously will lend credibility to the process and acceptance of the final decision.
- **Explanation:** The leader needs to explain the thinking behind the final decision. It's important to be clear about why you and your group made *this* choice, as opposed to a different one. Explaining the reasons for the decision builds trust in the leader's intentions and confidence that it was made for the benefit of the company as a whole.
- **Expectation:** Once the decision has been made, everyone affected by the decision needs to understand the new rules of the game. New responsibilities need to be spelled out, as do performance measures and penalties for failure. When people clearly understand expectations, they can focus on what needs to be done.

The people you notify will include everyone who is responsible for implementing the decision as well as anyone who is affected by it. Your list might also include other key stakeholders: members of your unit who were not part of the decision-making group, senior management, department supervisors, external constituents, and even customers if they will see a change in the way you do business with them.

Activity: Maximize your communication

Identify which principle for communicating decisions to stakeholders is being applied in each scenario.

Mary says: "I've carefully reviewed the notes we took during our last meeting, and wanted to let you know that I've decided to outsource some customer service calls. We will redeploy existing resources to receive calls from our high-value customers here at our home office, while outsourcing calls from low-value customers."

What principle is not demonstrated in Mary's communication?

☐ Consideration and voice

Not the best choice. Mary *did* apply the practice of consideration and voice. Her first sentence indicates that, while making her decision, she carefully considered the opinions and suggestions coming from employees during a recent meeting.

☐ Explanation

Correct choice. Mary did *not* apply the practice of explanation in communicating this decision, because she did not explain the thinking behind her final decision to outsource calls from low-value customers.

☐ Expectation

Not the best choice. Mary *did* apply the practice of expectation in communicating this decision. She clarified what would change as a result of the final decision. Specifically, calls from high-value customers would be handled at the home office, while those from low-value customers would be outsourced.

Patricia says: "I've decided that the best solution would be to set up a cross-functional development team for our next product. I'm sorry that I didn't have a chance to discuss my ideas with each of you first, but I feel confident that using this approach for new product development will help us get a more comprehensive picture of our customers' needs. To create the team, each of us will need to be willing to set aside several hours each week to participate in the development project."

What principle is not demonstrated in Patricia's communication?

☐ Consideration and voice

Correct choice. There is no evidence in this communication that Patricia encouraged participants to be actively involved in her decision to create a new cross-functional team. People who are encouraged to participate in the decision-making process are more likely to believe that their leader listened to their viewpoints and gave them serious consideration. Knowing that they were taken seriously will lend credibility to the process and acceptance of the final decision.

☐ Explanation

Not the best choice. Patricia *did* apply the practice of explanation in communicating this decision, because she explained the thinking behind her final decision. Specifically, she indicated that she had decided to create a cross-functional team because she thought it would help generate a more complete understanding of customers' needs.

☐ Expectation

Not the best choice. Patricia *did* apply the practice of expectation in communicating this decision. She specified what would need to happen in order for the decision to be implemented: People would have to set aside a certain amount of time each week to participate in the cross-functional team.

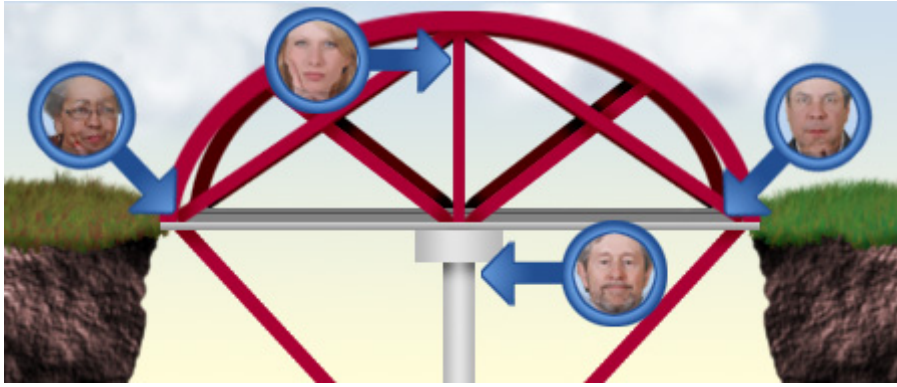
What to communicate

Your message should include the following components:

- Statement of the issue that needed to be addressed
- Description of the objectives or decision-making criteria
- The names and roles of the people involved in making the decision and why they were included
- The alternatives considered (and possibly a summary of the analysis in a table form)
- An explanation of the final decision and what it means for the key stakeholders
- The implementation plan and timeframe
- Recognition of those who participated
- Solicitation of feedback

Be sure to take the time to create a clear, concise message. Providing incomplete or poorly articulated communication about your decision can lead to confusion, disappointment, and unwillingness to support its implementation.

Assign tasks and resources



Now that you have made a choice and communicated your decision to the appropriate people, it is time to identify the tasks that will be required to put the decision into action, assign resources, and establish deadlines. Ideally, your team members will leave your final meeting knowing exactly what they're expected to do. If not, reconvene the group to identify who will be responsible for each task.

You probably have much of the information you need to develop the implementation plan. When you were evaluating alternatives, you probably considered the cost, the number of people required to work on the project, and so forth.

For example, suppose you and your group determine that customer complaints about your telephone support line are due to inadequate training of the support associates taking calls. After analyzing the situation, you may decide that the associates need to have more product knowledge. As part of evaluating this alternative, you probably would have identified the resource requirements from the training department to implement your solution.

Implementation considerations

Consider the following when implementing your decision:

- **Assign reasonable tasks with sufficient resources.** For example, the people in the training department may not have extensive product knowledge and may need the help of a content expert. You might need to assign an expert in product knowledge to work with the training department to develop a program.
- **Clarify expectations and acknowledge incentives.** For example, if an account executive is going to start managing the company's largest client, explain what this client means to the organization and your expectations for managing the relationship. Determine whether the increase in responsibility should result in a pay increase or change in title, and follow up with your Human Resources department to make that happen.
- **Provide feedback on the implementation.** Give your employees feedback on the progress of the implementation plan. Your input should be constructive and focused on accountability and execution. Set a time for daily or weekly status meetings. This will help you stay informed of your group's progress during implementation.
- **Take a look for yourself.** Check in with people informally. Ask them how the project is going and if they have any concerns about it. Be interested not only in issues related to implementation, such as schedule and budget, but also whether your employees believe that the project is effectively addressing the problem it is intended to solve.

- **Recognize people's contributions.** Implementation often goes unnoticed unless it fails. If things are going well, recognize individual contributions and celebrate successes.

Remember that mid-course corrections are sometimes required. Keeping abreast of progress during implementation will enable you to fix problems before they become major crises.

Allow for adjustments

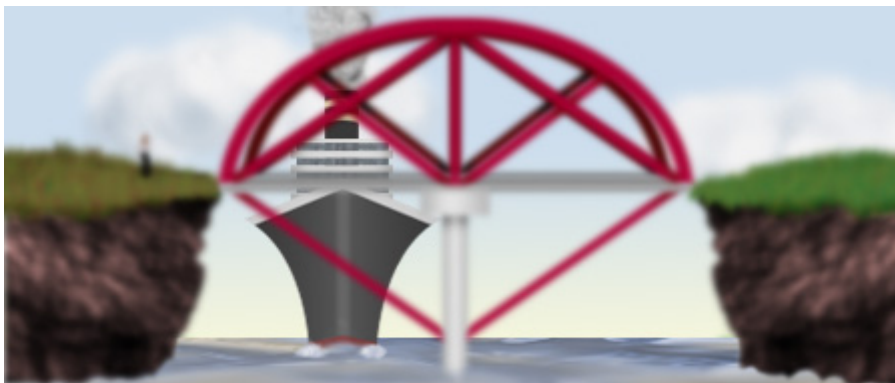
Most implementation plans require some adjustment. If nothing else, conditions change over time. So occasional adjustments, ranging from fine-tuning to wholesale changes, are often needed.

What if the decision you've implemented ultimately doesn't work out as you'd expected? In most cases, corrections can be made. These will often involve only "tweaking" the decision you've implemented. But sometimes you may find that the alternative you chose just isn't working. In such cases, you need to revisit the decision-making process.

- Make sure you framed the issue correctly. Have you learned anything new that makes you think the problem is different from what you thought the first time around?
- Has there been a change in your objectives? Do you have new information that you didn't have before? Perhaps you see that one objective should have been given more weight and another one less?
- Have you learned about an alternative that wasn't considered the first time around? Or, have you acquired a different perspective that causes you to reassess data you've had for some time?
- Go through your decision-making process again, preferably without reviewing your earlier results. With experience in implementing one alternative, chances are good you'll change your opinion of how well some of the other alternatives satisfy your objectives.

After you've evaluated how well each alternative would be expected to address each objective, return to the results of your first evaluation. Where you find discrepancies between the first time and this time, decide which one is more on target in light of what you know now.

An ongoing effort



Many managers wait to evaluate a decision until the end of the process, after it has been implemented. This is too late. If there is a flaw in the decision itself, or in its implementation, you may learn a useful lesson about how *not* to make or implement a decision, but it will be too late to repair the damage.

Assessing the decision-making process is an ongoing effort that must occur in real time, throughout all the phases of the process. You need to monitor the tone of your meetings and address problems in

group dynamics before they interfere with your goal. Sometimes new information becomes available, or new conditions arise, necessitating a mid-course correction in your objectives.

Have a plan for evaluating the various elements in your process, from gathering your decision-making team to implementing the actual decision. It could be something as simple as a checklist. Take the time after each meeting to think about how it went.

Increase your odds of success

Research suggests that decisions that include these five process characteristics have sharply improved odds of being successful:

- **Multiple alternatives:** Generally, successful decisions result from a review of many alternative solutions. As your process unfolds, make sure that your group considers several alternatives before making its decision. The point-counterpoint approach is a useful method to ensure that at least two alternatives are considered. Remember, a "go/no go" choice involves only one alternative.
- **Open debate:** In order to generate creative alternatives, you need to facilitate open, constructive debate. Strive to create an environment that supports inquiry-based discussions. Ask open-ended and hypothetical questions to encourage your group to explore a variety of possibilities. Listen attentively to your team's suggestions and emphasize positive group dynamics. Debate should be task-related, not emotional or personal. Make adjustments to your approach if the group is not working well together. Silence and suppressed arguments are both signs that the debate is not sufficiently robust.
- **Assumption testing:** It is unlikely that you will have complete information at the time you make your decision. Your group will have to make assumptions as it proceeds. Make sure that your team recognizes when it is relying on facts and when it is making assumptions. Further, the team needs to recognize which of those assumptions are closely tied to confirmed data, and which are not. The group may still choose to use untested assumptions in its decision-making process, but should reconsider the plausibility of these assumptions throughout the process.
- **Well-defined objectives:** Continually review your objectives during your meetings to ensure that your discussions stay on target. If conditions change, you may need to refine your objectives or even your definition of the problem to meet the new conditions.
- **Perceived fairness:** Keeping people involved throughout the process is critical to the success of your decision. Your team members must feel that their ideas are being considered *during* the process in order to feel ownership of the final decision. Periodically evaluate the level of participation of your team members, such as after a milestone. If people have stopped participating in conversations or are doing so reluctantly, they may be dissatisfied with the process. Your job is to keep people engaged by acknowledging your team members' suggestions, and helping them understand why another alternative may be a better decision.

Paying careful attention to these characteristics throughout the decision-making process can be difficult and time-consuming. Making the effort to include them, however, gives your decision a much better chance of success.

Activity: How successful will you be?

Increase your chances of decision-making success by identifying which process would be most effective in the following situations.

Gary noticed that his team began their meeting by generating two alternatives to their issue, but subsequently seemed to grow tired. As a result, they settled too quickly on a solution.

How can Gary maximize the likelihood of a successful outcome?

- ☐ Create a contest for the best idea

Not the best choice. Creating a contest may set a tone of advocacy. In this type of environment, team members are likely to argue more fervently for their own solutions without considering others' options.

- ☐ Allow the group to continue to the implementation phase

Not the best choice. If Gary allows the group to go forward without generating enough alternatives, he may miss the best solution.

- ☐ Introduce the point-counterpoint approach

Correct choice. Implementing the point-counterpoint approach will encourage the team to examine many sides to the issue, and will likely generate more options.

Eileen's team is engaged in determining the site for a new distribution center. Several sites appear promising. One of these is particularly attractive based upon its proximity to a proposed highway.

What is the best next step Eileen should take to guide her team's decision-making process?

- ☐ Work with the team to create a decision tree

Not the best choice. While creating a decision tree might be useful for this team at a later stage in the process, it is critical that the team first determine when the proposed highway will be completed, and what will happen if it is not completed on time.

- ☐ Ask the team to examine its assumptions

Correct choice. What will happen if the proposed highway is delayed or cancelled? Eileen must ensure that her team is considering this possibility and testing any other assumptions that are being made.

- ☐ Help the team create a prioritization matrix

Not the best choice. While a prioritization matrix might be useful for this team at a later stage in the process, the immediate concern is that they test any assumptions that are being made about the completion date of the proposed highway.

Misrahi noticed that Bill and Rhonda have grown silent after the idea they brought to the table was rejected by the rest of the group.

How can she help them to reengage in the decision making process?

- ☐ Ask an open-ended or hypothetical question to stimulate discussion

Not the best choice. While good questions can reenergize discussion when participants are quiet because they have simply reached a mental block, Bill and Rhonda are being

silent because they feel frustrated with the process. Misrahi needs to help them reengage by acknowledging their contribution to the discussion.

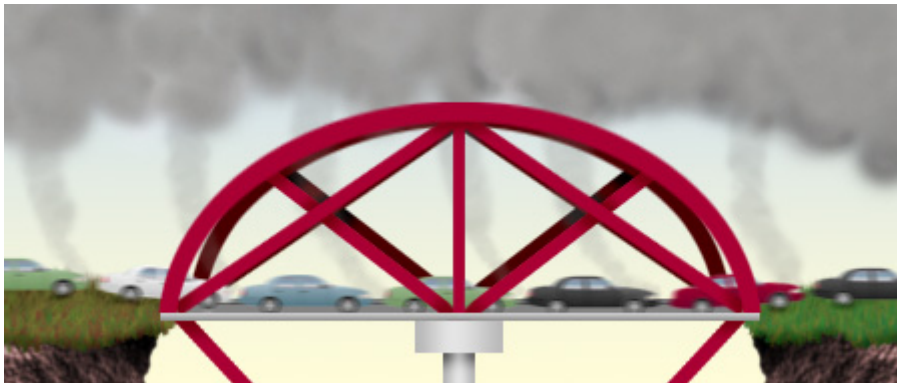
- ☐ Ask how the positive features of Bill and Rhonda's idea can be incorporated in the final solution

Correct choice. Misrahi needs to realize that Bill and Rhonda have fallen silent because they are frustrated with the process. By acknowledging their contribution to the discussion, Misrahi will give them an opportunity to reengage.

- ☐ Ask Bill and Rhonda to review the objectives for the project and refine them if necessary

Not the best choice. Although it's a good idea to review objectives frequently, asking Bill and Rhonda to review the objectives will not ease their frustration with the process. Misrahi needs to help them reengage by acknowledging their contribution to the discussion.

The impact of decisions



Whenever you make a decision, particularly a complex one, it will almost certainly impact other people. The consequences will be social as well as economic. Ethics and company values will often be at stake.

For example, a manager of a customer service phone line at a company that manufactures a new medical monitoring device has been told that he needs to cut costs. The company is in financial trouble and has to cut costs across the board to stay afloat. Your team decides that the alternative that will result in the most savings is to charge customers for phone calls and to reduce the number of hours the line is open. Before making the final decision, however, the group should consider whether that option is a good balance between the interests of the company and those of the customer who may need help using the monitor.

Very few complex decisions can be made based on cost alone. Most decisions involve considering a variety of factors, and require sound judgment on your part in weighing those factors. As a manager, you need to assess the consequences of your alternatives as best you can and then make a decision.

Make ethical decisions

Ethics should play an important part in your team's deliberations *before* making a decision. Ask your group to explicitly consider ethical issues based on their own values—and not dismiss them as "soft" and therefore unworthy of discussion.

For example, if a team member feels uncomfortable because she heard rumors that the highly successful company you are considering working with overseas has been polluting the environment; she should be encouraged to bring her concerns to the table for deliberation.

One technique to ensure that ethics are considered during your discussions is to appoint an "ethical watchdog," or ombudsman. The person who fills this role would be responsible for ensuring that ethical issues surface during discussions. During the course of the decision-making process, the role of "ethical watchdog" should rotate periodically.

Question your decisions

There is no set of universal guidelines for making ethical decisions. However, a starting point might include asking yourself questions. The questions could be broad and far-reaching in scope, such as: "Which option will produce the greatest good and do the least harm?"

At a minimum, to ensure ethical decision making you should make sure that your decision passes the following two tests:

- **The legal test.** Ask yourself: "Is the decision against the law or against company regulations?" If the answer is *yes*, you clearly do not want to do it.

For example, a decision that discriminates based on race, gender, age, or religion would not be acceptable.

You may also want to consider whether something that is technically legal goes against your company's regulations.

For example, your company may have a policy that its facilities must comply with all U.S. environmental regulations, even if the facility is located in a country or region where the environmental standards are more relaxed than in the United States.

- **The stakeholder test.** Ask yourself: "Is the decision in the best interest of our employees, customers, community, and other key stakeholders such as federal or state regulators?" Sometimes a decision that doesn't directly increase profits is actually in the company's best interest.

For example, a pharmaceutical company's decision to provide low-cost prescriptions to elderly and low-income customers may cost money up front, but significantly improve corporate image, potentially leading to increased profits in the future.

If your decision passes the two tests above, as a final check, you might want to consider what someone you respect would say if you told them you chose a particular option.

Another key to evaluating the ethics of an option is to consider whether the decision-making and implementation process is open and direct. If you do not want other people to know about the decision, you may not be making the ethical choice.

Ethics statements and personal judgment

Some companies develop statements about their values and sense of social responsibility. These statements may include goals such as providing top-quality products, reducing waste to the environment, and fostering an open, honest, and direct corporate culture. While managers can refer to their company's value statement for guidance, it is unlikely that the company value statement will be enough. You will probably have to use your personal judgment as well.

For example, in the case of dealing with an employee who has a drug problem, you may decide that the cost of getting help for this person (e.g., lost time on the job) is outweighed by the value of this person's skills or expertise to your group and your company.

In sum, important decisions cannot be based on financial considerations alone. As a manager, you need to consider the consequences of a decision in the broader context of the law, as well as the individuals and community it will affect.

Overview

This section provides interactive exercises so you can practice what you've learned. These exercises are self-checks only; your answers will not be used to evaluate your performance in the topic.

Scenario

Assume the role of a manager in a fictional situation and explore different outcomes based on your choices (5-10 minutes).

Check Your Knowledge

Assess your understanding of key points by completing a 10-question quiz (10 minutes).

Scenario: Part 1

Part 1

Lyle is a brand manager at a consumer products company, currently managing a gourmet cookie product. Sales of the cookie have been flat for the past 18 months. Marketing studies have shown that only a limited number of consumers are willing to pay a premium price for a box of cookies, regardless of the quality. Lyle is faced with the challenge of increasing sales without diluting his brand's image. Senior management has made it clear that Lyle needs to find a solution fast.

What's the best way for Lyle to identify options for increasing revenues?

- Lyle should carefully review the market research that was conducted and quickly develop two or three proposals for senior management.

Not the best choice.

Finding ways to increase revenues is an important decision that should not be made hastily by one individual. Instead, Lyle should gather a team to explore different options. The team should include people from both inside and outside of his group. Given the complexity of the decision, several meetings may need to be held to carefully evaluate the options that are generated.

- Lyle should meet with a few select individuals from his staff who are extremely knowledgeable about the product to generate options.

Not the best choice.

Working with a few expert individuals from Lyle's group is too limiting. Individuals who work in the same group often tend to have similar backgrounds and use the same criteria to evaluate issues. As a result, they are more likely to move toward closure without considering all the factors that should go into making a decision. Including others who have different viewpoints and areas of expertise forces a group to evaluate more thoroughly their options and helps to avoid "groupthink."

- Lyle should explore solutions with a combination of people from inside and outside his group, for example, individuals from sales and research & development.

Correct choice.

Working with a group of people who have different backgrounds and levels of expertise often generates a larger range of options to choose from. Also, people with diverse perspectives tend to evaluate alternatives more critically, thus leading to a more informed decision. Lyle would be wise to include a member from sales as the sales group will be a key stakeholder and will be more likely to execute a decision that they participated in.

Scenario: Part 2

Part 2

Lyle assembles a group of five people to identify ways to increase revenues without diluting the cookie brand's image. The group has a mix of people with different backgrounds and levels of expertise. Three of the participants are from his staff, one is from sales, and the other is from research & development.

The group explores options ranging from a coupon program to reducing prices to corporate partnerships. After thorough discussion and analysis, the team decides that forming a partnership with another company is the most promising option.

Two people in the group, however, remain skeptical that this is the best course of action and want to continue evaluating other ideas.

Lyle identifies several ice cream companies as potential partners for creating an ice cream sandwich. While he's in the early stages of researching these companies, Supreme Ice Cream approaches him about a partnership. Supreme Ice Cream is eager to move forward and is offering what appear to be very attractive terms for the deal.

How should Lyle proceed?

- Lyle should reconvene his group to decide whether or not to partner with Supreme Ice Cream.

Not the best choice.

A common mistake managers often make is to view opportunities as a "go/no go" proposition. Lyle should wait until other offers have been submitted and evaluate the Supreme Ice Cream offer in relation to those offers. Thus, while it would be tempting to move ahead and establish a partnership, it is too early for Lyle to do so at this time.

- Lyle should reconvene his group to revisit the decision that a partnership is the best option for increasing revenues.

Not the best choice.

Lyle's group has already determined that a partnership is the best way to increase revenues. If Lyle re-opens the discussion, he runs the risk of taking too much time and missing an opportunity to potentially partner with Supreme Ice Cream. Rehashing old decisions often results in stalled efforts to move forward.

- Lyle should seek out other offers and then evaluate the Supreme Ice Cream deal.

Correct choice.

Lyle and his group should pursue other offers and compare them to Supreme Ice Cream's proposal. Evaluating multiple offers will give them a better context in which to make a choice. After careful review, Lyle and his group might realize that Supreme Ice Cream's offer was not as attractive as they originally thought.

Scenario: Part 3

Part 3

Shortly after the Supreme Ice Cream offer is submitted, Lyle receives three more proposals from potential partnership companies.

Lyle calls the group together for a final meeting. The goal is to compare the offers and select a company with whom to partner. Two companies are quickly eliminated because the terms of the deal are not favorable. Participants, however, are divided on the remaining two companies.

How should Lyle proceed in making the decision?

- Lyle and his group should outline the strengths and weaknesses of the two companies and vote on the top choice.

Not the best choice.

While outlining the strengths and weaknesses of the two companies is helpful in evaluating the options, voting on the decision may have negative results. Participants who vote for the losing choice may feel dissatisfied with the conclusion of the process and may not be inclined to support the decision going forward.

- Lyle should split the participants into two groups and ask each group to advocate for a different company. If, at the end of the discussions, the team cannot reach agreement, Lyle should then make the decision based on the team's input.

Correct choice.

When a group is divided on an issue, using the "point-counterpoint" technique can help create an environment in which people feel more comfortable engaging in debate. In this case, Group A would develop a proposal that would advocate for Supreme Ice Cream and Group B would do the same for the other company. The groups would then meet to debate the proposals and decide on a course of action. By asking each group to consider both sides, it is likely that people will be less entrenched in supporting one of the two options. Also, it is important to let group members know at the beginning of the meeting how the decision will be made if they do not reach consensus.

- Lyle should carefully analyze his choices by creating a matrix that prioritizes the merits of the two different companies. He should then present this analysis to his boss, who will make a final decision.

Not the best choice.

A prioritization matrix is a useful tool in evaluating options because it quantifies how your alternatives meet your objectives. Lyle and his group might want to employ a prioritization matrix to compare the two companies; however, the ultimate partnership decision should not be made by Lyle's boss. If someone from

outside the group is given the authority to make the final decision, group members are likely to feel powerless. Those individuals whose preference is not selected may feel dissatisfied with the outcome and may question why they contributed to the process at all.

Scenario: Conclusion

Conclusion

After using the "point-counterpoint" technique and discussing the advantages and disadvantages of the two different companies, the group unanimously decides to accept the offer from Supreme Ice Cream.

Lyle then communicates this decision to senior management, colleagues, and other key stakeholders.

Lyle has managed the decision-making process well. He assembled a diverse group of people with different backgrounds and areas of expertise.

He facilitated the exploration of multiple alternatives and evaluated them systematically before making a final decision.

He empowered his team throughout the entire process to encourage buy-in. And he communicated the decision to all relevant parties.

At first, the decision-making process may seem time-consuming and even overwhelming. However, managers who engage in decision making as a process increase their likelihood of making more effective decisions.

Activity: Check Your Knowledge: Question 1

Which of the following approaches is likely to lead to excessive group harmony?

- Suggest a possible solution in an early meeting to get the group to consider a new idea

Correct choice.

As a manager, making a suggestion early in a meeting in the hopes of encouraging your team to consider other alternatives can backfire. Employees may view the suggestion as your preferred solution and support the idea to try to please you. To avoid excessive group harmony, consider using a technique that encourages people to consider multiple options and to critique each other, such as point-counterpoint. Also encourage those individuals who are reluctant to participate to voice their opinions.

- Utilize the point-counterpoint technique in an early meeting to encourage debate

Not the best choice.

The point-counterpoint technique can encourage people to consider multiple options rather than striving for group harmony. Suggesting a possible solution in an early meeting to get the group to consider a new idea is the approach most likely to lead to excessive group harmony. Employees may view the suggestion as your preferred solution and support the idea to try to please you.

- Ask someone in an early meeting who has yet to participate to make a comment or suggestion

Not the best choice.

Asking someone who hasn't yet participated to make a comment or suggestion can encourage people to consider multiple options rather than striving for group harmony. Suggesting a possible solution in an early meeting to get the group to consider a new idea is the approach most likely to lead to excessive group harmony. Employees may view the suggestion as your preferred solution and support the idea to try to please you.

Check Your Knowledge: Question 2

Which of the following is a sign that your discussions may have deteriorated into advocacy mode?

- A team member is asking a lot of probing questions of her colleagues during every meeting.

Not the best choice.

A team whose members ask many probing questions is taking more of an inquiry-based approach, not an advocacy-based approach. In an advocacy-based discussion, people try to persuade each other to support their viewpoints. These individuals could influence others to see the decision process in terms of winners and losers—which often doesn't lead to smart choices.

- Participants are explaining their viewpoints to each other in the hallway before and after your meetings.

Correct choice.

In an advocacy-based discussion, people try to persuade each other to support their viewpoints. Team members who are discussing their views in the hallway may be trying to convince others of the merits of their ideas. These individuals could influence others to see the decision process in terms of winners and losers—which doesn't lead to good decision making. On the other hand, if your team is asking probing questions and considering minority viewpoints, it is adopting the more inquiry-based approach essential to effective business decisions.

- The minority viewpoint has generated a lot of conversation during your meetings.

Not the best choice.

A team that considers minority viewpoints is taking more of an inquiry-based approach, not an advocacy-based approach. In an advocacy-based discussion, people try to persuade each other to support their viewpoints. These individuals could influence others to see the decision process in terms of winners and losers—which often doesn't lead to smart choices.

Check Your Knowledge: Question 3

Which of the following teams would you assemble to choose a new software program to manage the inventory at your warehouse?

- Four people from purchasing, five Information Technology professionals, a warehouse floor supervisor, a person from finance

Not the best choice.

Though this group contains representatives from departments that will be affected by the change, the team is too large to manage. Unless you need a bigger group to accommodate a variety of perspectives, aim for 5 to 7 participants in a decision-making team.

The ideal team would consist of two people from purchasing, three information technology professionals, and a warehouse floor supervisor.

- Two people from purchasing, three Information Technology professionals, and a warehouse floor supervisor

Correct choice.

This group contains representatives from departments that will be affected by the change, and the team is a reasonable size. Unless you need a bigger group to accommodate a variety of perspectives, aim for 5 to 7 participants in a decision-making team. Larger groups are more difficult to manage.

- Three people from purchasing and three Information Technology professionals

Not the best choice.

Though this group is a manageable size, it is missing representatives from one department that will be affected by the change—such as the warehouse supervisor. Since her job will likely be affected by the new software, it's important to address her interests during the process of selecting the software.

The ideal team would consist of two people from purchasing, three information technology professionals, and a warehouse floor supervisor.

Check Your Knowledge: Question 4

Decide whether the following statement is true or false: Creating a decision tree will identify the *best* choice for your problem.

- True

Not the best choice.

This statement is actually false, because a decision tree will *not* necessarily point to the best solution. Instead, it provides a visual representation of the uncertainties and possible outcomes associated with a decision. Thus it helps you evaluate your options. You will still need to assess the information in the decision tree to make your choice. Creating a prioritization matrix may help you evaluate your options at this stage.

- False

Correct choice.

A decision tree will *not* necessarily point to the best solution. Instead, it provides a visual representation of the uncertainties and possible outcomes associated with a decision. Thus it helps you evaluate your options. You will still need to assess the information in the decision tree to make your choice. Creating a prioritization matrix may help you evaluate your options at this stage.

Check Your Knowledge: Question 5

Which of the following illustrates an *incorrect* way to facilitate a brainstorming session?

- Encourage participants to verbalize any ideas that come into their heads. Record their ideas on a flipchart for evaluation in a follow-up meeting.

Not the best choice.

This actually is a *good* way to facilitate a brainstorming session. Brainstorming is intended to generate alternatives, not evaluate them as they're presented. Encouraging participants to verbalize any ideas that come into their heads, and then recording their ideas on a flipchart for evaluation in a follow-up meeting, makes people feel they can offer their thoughts without sparking criticism or debate.

- At the start of the meeting, ask participants to write down any ideas that come into their heads. Ask them to then share their ideas publicly. As they speak, write down their ideas on a flipchart.

Not the best choice.

This actually is a *good* way to facilitate a brainstorming session. Brainstorming is intended to generate alternatives, not evaluate them as they're presented. Asking people to write down ideas, and then share them as you record them on a flipchart, makes people feel safe offering their thoughts without sparking criticism or debate.

- Encourage participants to verbalize any ideas that come into their heads. Discuss the merits of each idea with the group and record the best ideas on a flipchart.

Correct choice.

Discussing the merits of each idea as it is offered will probably *not* encourage brainstorming because brainstorming should be used to generate alternatives—not to evaluate them as they're presented. When leading a brainstorming session, ask people to focus on identifying as many alternatives as possible rather than criticizing or debating ideas as they're presented. You can evaluate ideas later, after you've generated an exhaustive list of options.

Check Your Knowledge: Question 6

You want to outsource the manufacturing of a printed circuit board. Who is the best person to approach for initial advice?

- A manager in another department who recently decided to keep manufacturing in-house

Correct choice.

A common mistake people make when considering a decision is to seek information that supports their existing point of view and to ignore information that contradicts it. When faced with a decision, asking a colleague to argue against your potential decision may identify weaknesses that you haven't yet considered. Seeking only people who have similar views or who have made a similar decision will likely strengthen your resolve to proceed without sufficiently careful consideration.

- A manager in another department who recently started to outsource its manufacturing

Not the best choice.

While it might seem logical to start with someone who has made a similar decision, this actually feeds into a common bias: seeking information that supports our point of view and ignoring information that contradicts it. When faced with a decision, asking a colleague to argue *against* your potential decision may identify weaknesses that you haven't yet considered. Seeking only people who have made a similar decision will likely strengthen your resolve to proceed without sufficiently careful consideration. For this reason, you should first approach a manager in another department who recently decided to keep manufacturing in-house.

- A manager in another department who recently mentioned that she thinks outsourcing makes a lot of financial sense

Not the best choice.

While it might be tempting to start with someone who shares your viewpoints on an important decision, it actually feeds into a common bias: seeking information that supports our point of view and ignoring information that contradicts it. When faced with a decision, asking a colleague to argue *against* your potential decision may identify weaknesses that you haven't yet considered. Seeking only people who have similar views will likely strengthen your resolve to proceed without sufficiently careful consideration. For this reason, you should first approach a manager in another department who recently decided to keep manufacturing in-house.

Check Your Knowledge: Question 7

Which of the following is the *best* way to frame an issue related to a high volume of customer complaints about a product?

- How can we change the product to increase customer satisfaction?

Not the best choice.

By asking how you might change the product, you're revealing your assumption that the product is the problem—which may not necessarily be the case. When trying to frame an issue, begin your discussions by asking questions that encourage exploration. Avoid questions that assume the nature of the problem. Your goal is to get at the core of the issue before you begin examining possible solutions. For this reason, asking why customers are dissatisfied is the best way to frame the issue of rising customer complaints.

- What is wrong with the product?

Not the best choice.

By asking what's wrong with the product, you're revealing your assumption that the product is the problem—which may not necessarily be the case. When trying to frame an issue, begin your discussions by asking questions that encourage exploration. Avoid questions that assume the nature of the problem. Your goal is to get at the core of the issue before you begin examining possible solutions. For this reason, asking why customers are dissatisfied is the best way to frame the issue of rising customer complaints.

- Why are customers dissatisfied?

Correct choice.

When trying to frame an issue, it's good to ask questions that encourage exploration and to avoid questions that assume the nature of the problem (such as "How can we change the product?" or "What's wrong with the product?"). Your goal is to get at the core of the issue before you begin examining possible solutions.

Check Your Knowledge: Question 8

Which of the following is an example of the point-counterpoint approach to decision making?

- A manager asks each team member to come to a meeting prepared to present his or her ideas to the other group members. The group then discusses each proposal and tries to find a set of assumptions and recommendations that the group can accept.

Not the best choice.

This example illustrates the consensus-based technique, not point-counterpoint. To use the point-counterpoint technique, you divide your team into two groups and ask them to develop opposing proposals. After both groups present their proposals, the whole group tries to agree on a course of action. The consensus-based and point-counterpart techniques are both useful for encouraging team members to reach a final decision.

- A manager asks half of the group to come to a meeting prepared to present a proposal they created together to the other group members. The other half of the group critiques the proposal and presents its analysis. The whole group then tries to find a set of assumptions and recommendations that the group can accept.

Not the best choice.

This example illustrates the intellectual-watchdog technique, not point-counterpoint. To use the point-counterpoint technique, you divide your team into two groups and ask them to develop opposing proposals. After both groups present their proposals, the whole group tries to agree on a course of action. The intellectual-watchdog and point-counterpoint techniques are both useful for encouraging team members to reach a final decision.

- A manager splits his team into two subgroups. He asks one subgroup to come to a meeting prepared to present a proposal; he asks the other subgroup to be prepared to present an opposing proposal. After both presentations have been made, the whole group tries to agree upon a course of action.

Correct choice.

To use the point-counterpoint technique, you divide your team into two groups and ask them to develop opposing proposals. After both groups present their proposals, the whole group tries to agree on a course of action. The point-counterpoint technique—as well as a consensus approach and the intellectual-watchdog technique described in the other options—are all useful for encouraging team members to reach a final decision.

Check Your Knowledge: Question 9

Once you make a decision, what should you do next?

- Assign reasonable and attainable tasks to your team and to anyone else who will need to implement the decision

Not the best choice.

Though assigning tasks to those who will implement the decision will eventually be valuable, it's not what you should do immediately after making a decision. Instead, determine who should know about the decision. You do not want to start implementing a decision until you are sure that everyone who will be affected by the decision is aware of your plans. A common mistake is to make a decision with a team of people and then forget to inform others of the course of action that was chosen. While other people may not be directly involved in implementing your decision, they may still be affected by it.

- Create a work plan that outlines the tasks necessary to implement your decision

Not the best choice.

Though creating a work plan that outlines the tasks for implementing your decision will eventually be valuable, it's not what you should do immediately after making a decision. Instead, determine who should know about the decision. You do not want to start implementing a decision until you are sure that everyone who will be affected by the decision is aware of your plans. A common mistake is to make a decision with a team of people and then forget to inform others of the course of action that was chosen. While other people may not be directly involved in implementing your decision, they may still be affected by it.

- Identify who should know about the decision

Correct choice.

Once you make a decision, you need to determine who should know about it. You do not want to start implementing a decision until you are sure that the people who will be affected by the decision are aware of your plans. A common mistake is to make a decision with a team of people and then forget to inform others of the course of action that was chosen. While other people may not be directly involved in implementing your decision, they may still be affected by it.

Check Your Knowledge: Question 10

Decide whether the following statement is true or false: If a decision is legal and maximizes profits, then it is an ethical course of action.

- True

Not the best choice.

This statement is actually false. Even though a decision may be legal, it is not necessarily the right thing to do. As a manager, you have a responsibility to consider ethics when making a decision. Your personal values and any corporate statements of social responsibility will guide you. Ultimately, you must balance the interests of all stakeholders, from those who will gain from a decision to those who could be adversely affected.

- False

Correct choice.

Even though a decision may be legal, it is not necessarily the right thing to do. As a manager, you have a responsibility to consider ethics when making a decision. Your personal values and any corporate statements of social responsibility will guide you. Ultimately, you must balance the interests of all stakeholders, from those who will gain from a decision to those who could be adversely affected.

Check Your Knowledge: Results

Your score:

Steps for identifying decision-making objectives

1. Specify the objectives you want to reach.

What are you trying to achieve by making a decision? Make sure that as many people as possible with a stake in solving the problem are asked to specify their objectives. If you find you're hearing two or more substantially different objectives, you may conclude you're actually facing two or more problems, or that more than a few stakeholders don't understand the problem, or that different groups hope to see the problem solved in very different ways.

2. Define—as specifically as possible—the performance level that represents a successful outcome.

Do you want a solution that boosts sales? By what percentage? For all regions? Be as precise as you can be.

3. "Paint" a picture of what things will look like when the problem is solved.

Invite all stakeholders to describe the desired future state in as much detail as possible. Let imaginations and creativity run loose. Here, too, you may find significant divergence from one person to another. You may resolve differences by compromise, straight selection of one view over another, or by determining you in fact have two or more problems at hand.

4. Make sure your agreed-on objectives and outcomes are not in conflict.

You may have determined that part of your solution to customer complaints about telephone orders is to have all of your phone-order reps take an additional three weeks of training. Another part of the solution is to reduce standards for each rep's completed orders per hour from eight to seven. But can you have the lower staffing levels due to training and the fewer customers handled by each rep at the same time? Will customers then complain more about long waits to have their orders taken? If yes, goals may have to be adjusted.

Steps for creating a prioritization matrix

1. Prioritize your objectives.

List your objectives, *in order of priority*.

For example:

- increase profits
- keep costs low to the customer
- implement the change quickly
- use few internal resources

2. Assign a value to each objective.

Because there are four objectives in our example, the most important one, "increase profits," will receive a value of four. The next most important one, "keep costs low to customer," will receive a value of three, and so on.

3. Create a matrix.

Make each objective with its value a column header along the top of the matrix. Make each of your alternatives a row. Your matrix would look something like this:

	Increase Profits (4)	Maintain Low Customer Costs (3)	Implement Quickly (2)	Use Few Internal Resources (1)

Alternative A				
Alternative B				

4. Rate the alternatives.

Now decide how well each alternative will meet each objective. For example, ask yourself, "How well will Alternative A achieve the objective of increasing profits?" Give it a score from 1 to 10. If you think it will contribute significantly to increasing profits, you might give it a score of 9 for that objective. Next ask, "How well will Alternative A keep costs to the customer low?" If you anticipate that it may result in a substantial cost increase, you might give it a score of 2. Continue rating each alternative on every objective. If Alternative B will only increase your profits by a small amount, but will not increase the cost to the customer, and can be achieved quickly with not many more resources than Alternative A, you might rate it as shown below:

	Increase Profits (4)	Maintain Low Customer Costs (3)	Implement Quickly (2)	Use Few Internal Resources (1)
Alternative A	9	2	7	2
Alternative B	2	9	8	3

Another way to approach the prioritization matrix is to complete each column, one at a time. In our example, Alternative A may result in large profits, so you rate it 9. Alternative B may have little impact on profits, so you rate it 2. Then you proceed to the next column (objective), compare the alternatives and assign ratings. With both approaches, the results will be the same.

5. Calculate the total scores.

Multiply the score on an objective by the value of the objective. For example, Alternative A has a score of 9 on Increase Profits. The value of Increase Profits is 4. Therefore, Alternative A scores 36 on Increase Profits.

	Increase Profits (4)	Maintain Low Customer Costs (3)	Implement Quickly (2)	Use Few Internal Resources (1)	Total Score
Alternative A					
Alternative B					

Alternative A	$9 * 4 = 36$	$2 * 3 = 6$	$7 * 2 = 14$	$2 * 1 = 2$	58
Alternative B	$2 * 4 = 8$	$9 * 3 = 27$	$8 * 2 = 16$	$3 * 1 = 3$	54

Add all the scores for each alternative. In this case, Alternative A is the best decision based on your priorities.

When you use a prioritization matrix, keep in mind the degree of variation between the different alternatives you are exploring. For example, if the difference in the amount of profits between alternatives is \$5,000, you might think differently than if the difference were \$100,000—especially if it also had a negative impact on the company, such as loss of jobs. So, while prioritizing your alternatives can be useful, keep in mind that you should look at all the facts before you make your final decision.

Steps for using the point-counterpoint technique

1. Divide your team into two groups of equal size—Group A and Group B. Be sure to spread supporters of opposing ideas between the two groups.
2. Ask Group A to develop a proposed course of action for the decision at hand. Group A should include its recommendations, key assumptions, and supporting data in a written proposal.
3. Ask Group A to present its proposal to Group B in a meeting.
4. Ask Group B to identify one or more alternative courses of action. Group B should document its key assumptions and gather supporting data.
5. Ask Group B to present its ideas to Group A in a second meeting.
6. Hold a third meeting in which both groups come together to debate the proposals and identify a common set of assumptions.
7. Manage the meetings so that the two groups continue to debate a variety of options based on common assumptions. The ultimate goal is to get the whole group to agree on a recommendation.

Steps for using the intellectual watchdog technique

1. Divide your team into two groups of equal size—Group A and Group B.
2. Ask Group A to develop a proposed course of action for the decision at hand. Group A should include its recommendations, key assumptions, and supporting data in a written proposal.
3. Ask Group A to present its proposal to Group B in a meeting.
4. Ask Group B to develop a detailed written critique of Group A's assumptions and recommendations.
5. Ask Group B to present its critique to Group A in a second meeting.
6. Ask Group A to revise its proposal based on Group B's feedback.
7. Ask Group B to present its revised proposal in a third meeting.
8. Manage subsequent meetings so that the two groups continue to critique and revise the proposal until they agree on a recommendation.

Tips for defining problems

- Begin by describing the problem in terms of symptoms, not solutions.
- Some problems aren't worth solving: the problem may be minor or the solution may be too costly.
- Break complex problems down into smaller parts: solve each part, then combine these smaller solutions into an integrated solution to the big problem you started with.
- When you're not sure or when there's disagreement about what the problem is, conduct research and collect data! Don't rely on people's subjective opinions as bias could be introduced.
- When you're having a difficult time understanding the problem, consider moving to a new setting as this might trigger new insights.
- When defining the problem, involve people with varying levels of areas expertise and people who come from different functional areas within your organization.
- Big problems don't necessarily have big causes: a small change can have a huge impact.
- When looking for the cause to a problem, look for something that changed at the same time the problem arose—you'll often find the cause there.
- Solutions often create new problems.

Tips for conducting a productive brainstorming session

Ground rules

- Any number of people, from two up, can participate. But experience shows that a group of 5 to 15 people works best.
- A facilitator should guide the session. Position and rank should play no role during the session.
- Everyone should accept all ideas and answers without dispute, criticism, or correction. Those judgments and refinements come after the session—by the whole group or a subgroup. The key idea in brainstorming is "anything goes."
- Do everything you can to encourage a free flow of ideas. Rules and structure, other than the few listed here, can work against a productive session.

Process

- Write the problem, issue, or question the group will brainstorm on a chalkboard or flip chart, where everyone can see it throughout the session. Get agreement from everyone that the issue is stated correctly and precisely.
- Have individuals generate ideas on their own first. Then open the session to ideas or answers from all participants. This can be a structured or unstructured process. In a structured process, go around the room asking for an idea from each person in turn. The participant who doesn't have an idea when it's his or her turn says "Pass." When everyone says "pass" on a single round, the session is over. In an unstructured process, anyone can mention an idea or answer at any time. When a full minute passes with no one mentioning a new idea, the session is over.
- On the chalkboard or flip chart, write every idea or answer that emerges. Don't paraphrase—try to capture the person's exact words.
- When the brainstorming is over, sort out all of the ideas and answers. You'll find similarities and overlaps that will allow you to put them into several general groupings. The groupings you come up with in a problem-solving brainstorming session will be your solution alternatives.

Tips for generating alternatives

- Invite outsiders, both experts and novices, to participate in your meeting on occasion to provide fresh ideas and critiques. Periodically bring in new people.
- Encourage team members to step out of their traditional roles when generating alternatives. For example, if you're trying to brainstorm new product ideas, invite someone from your marketing group to join your team, but ask that person to think about ideas from a sales or financial perspective. You will probably find that more creative ideas surface when people think without their functional hats on.
- Ask probing questions such as "What alternatives might we consider?" and "How would we respond to concerns about ____?" to avoid deciding too early on a solution that may not be the best one. Among the most important probing questions are those that test the validity of the group's assumptions. Those assumptions should be made explicit and discussed openly.
- Ask team members to play "devil's advocate" by researching and making a case against their preferred proposal. Ask them to explain in detail why the preferred option should *not* be adopted.
- Acknowledge and discuss minority points of view whenever possible. Try to include more than one person in your group who is likely to express a minority opinion. A single person that disagrees with the majority is far less effective than multiple dissenting voices.
- Be willing to consider and discuss views that are different from your own.
- Revisit abandoned alternatives from time to time to ensure that they were discarded using sound judgment.

Tips for keeping your group on track

- Structure your meetings informally. Start with a clean whiteboard or easel instead of a formal presentation. Keep your introductory comments brief. Encourage people to generate ideas and ask each other questions.
- At the outset, try to keep your opinions to yourself to avoid influencing the team in a particular direction. You want people to express their honest opinions, not what they think you want to hear.
- Clarify your objectives in the decision-making process and make sure that the group shares them. Ask team members to define their priorities about the situation and list what has already been done to achieve them. Revisit these objectives regularly to ensure that they are still valid and are still guiding your process.
- Once the ground rules have been established, urge the team meet *without* you for one or more meetings so that they can explore their own ideas. This will ensure that they are not overly influenced by your opinions, preferences, or priorities.
- Urge people to participate in discussions as "skeptical generalists." In other words, encourage them to act as unbiased critical thinkers rather than as advocates of particular interests. Emphasize that participants should be critical of ideas, not people.
- Encourage constructive contention by inviting others to challenge your opinions and ideas: "My perspective on this is ____; however, I may be wrong. Could you identify any gaps in my logic so we can come up with the most effective decision?"
- Signal unacceptable behavior by providing direct and immediate feedback to individuals who engage in unproductive conduct (e.g., going off on tangents, engaging in personal attacks, seeking support outside of the meetings, or ignoring other points of view).
- Watch for signs of discontent such as furrowed brows or crossed arms. If you notice that someone is clearly upset, you may want to call for a break in the meeting. Approach the person in private to explore her concerns, encourage participation in the group, and then reconvene the meeting.

Tips for promoting fair process

- Listen attentively to your group and be patient when people explain their ideas. Try not to interrupt.
- Make eye contact with your team members and nod your head to indicate that you hear what they are saying.
- Either take notes yourself or appoint a note taker to show that you are considering everyone's ideas and that their input is valued and respected.
- Clarify that while not all of your group's suggestions will be adopted, they will all be considered fairly.
- Ask targeted questions to promote understanding, debate, and the creation of new ideas.
- Repeat the main idea of an individual's comments when asking a question or moving the conversation in a different direction. For example, "You make a good point. Vendor A does have excellent references. Do others share these views of Vendor A? Has anyone identified any flaws with Vendor A's proposal?"
- If you are responsible for making the final decision (instead of having a consensus or majority vote), explain your reasons to the group. Let the group know how their ideas affected the final decision or explain why you chose to differ with them.
- Once a decision has been made, be sure to spell out any new roles and responsibilities as well as performance measures so people have a clear idea of what is expected of them.

Worksheet for setting the stage

<i>Worksheet for Setting the Stage</i>
<i>Use this worksheet to think through how you will approach the decision-making process.</i>
Description of Decision
Describe a decision that you and your group needs to make:
Participants
List the names and roles of the people you will include in your decision-making group. Identify key stakeholders, experts, and opponents (individuals who may oppose the decision or block its implementation).
Time
How much time is available to make this decision? Does the decision need to be made by a specific date?
Setting
Where will you meet? (If possible, consider using a location that is different from your usual meeting place.)
Decision-Making Approach
Which approach will you use to make the decision: consensus, majority vote, qualified consensus, directive leadership, or a combination? (Consider the importance and implications of the decision. You may need to reserve the final decision for yourself.)
How will you make the choice if the group reaches an impasse?
Climate
List some questions you might ask to encourage debate:
Anticipate some positions on the proposed courses of action that are up for decision.
How will you strike a balance between advocacy- and inquiry-based debate?

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Brainstorming planning worksheet

<i>Brainstorming Planning Worksheet</i>	
<i>Use this worksheet to prepare for a brainstorming session. Consider the parameters for planning the meeting carefully.</i>	
Description of issue/problem:	Date of session:
Who needs to attend:	Why? Special knowledge/skills they contribute?
Material: needed, including:	
<input type="checkbox"/> Flipchart, markers <input type="checkbox"/> Easel <input type="checkbox"/> Masking tape <input type="checkbox"/> Small notes with a sticky backing	<input type="checkbox"/> Equipment <input type="checkbox"/> Visuals <input type="checkbox"/> Information handouts <input type="checkbox"/> Other:
Session planning:	
<input type="checkbox"/> Opening, warm-up activity <input type="checkbox"/> Structured or unstructured brainstorming process <input type="checkbox"/> Who will act as recorder <input type="checkbox"/> After the session, who will follow-up and report to the group <input type="checkbox"/> Opposing views to anticipate	
Ground rules: For best results, remember to...	
1. Limit the group's size to between 5 and 15 (though any size group can brainstorm). 2. Assign a neutral facilitator to guide the session. 3. Explain to the group that position and rank play no role during the session. 4. Explain that "reality testing" and forming judgments are not part of the brainstorming session. <i>(All ideas and answers are to be accepted without dispute, criticism or correction.)</i> 5. Write the problem/issues to brainstorm on a chalkboard or flipchart where everyone can see it throughout the session. 6. Seek agreement from everyone that the issue is stated correctly and precisely. 7. On the chalkboard or flipchart, record all ideas. <i>(Or members may call out ideas, then write them on notes and stick them on the idea board.)</i> 8. Sort the ideas and answers into categories or general groupings. <i>(The group may then sort through and rate or rank order ideas.)</i> 9. After the session, summarize the brainstorming outcomes; report findings to all participants in the group.	

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Worksheet for evaluating alternatives

Worksheet for Evaluating Alternatives	
Use this tool to help you think through your alternatives.	
Defining Alternatives	
Describe the decision you are trying to make. <i>Step back and be sure that you are thinking about the root cause of the problem.</i>	
List the decision-making objectives your group identified. What criteria will you use to judge success? <i>Be specific about your goals and quantify whenever possible.</i>	
What are some of the most promising alternatives your team explored? <i>Remember to consider blending alternatives into better solutions.</i>	
Evaluating your alternatives	
For each of the alternatives listed above, write down the factors that are important to consider when making your decision. These factors include:	
<ul style="list-style-type: none"> • Costs: How much will the alternative cost? Will it result in cost savings now or over the long-term? Are there any hidden costs? Are there likely to be additional costs down the road? Does this alternative meet budget constraints? • Benefits: What kind of profits will we realize if we implement this alternative? Will it increase the quality of our product? Will customer satisfaction increase? • Intangibles: Will our reputation improve if we implement this alternative? Will our customers and/or employees be more loyal? • Time: How long will it take to implement this alternative? Could there be delays? If so, what impact will this have on any schedules? • Feasibility: Can this alternative be implemented realistically? Are there any obstacles that must be overcome? If this alternative is implemented, what resistance might be encountered inside or outside of the organization? • Resources: How many people are needed to implement this alternative? Are they available? What other projects will suffer if individuals focus on this option? • Risks: What are the risks associated with this alternative? For example, could this option result in loss of profits or competitive advantage? Will competitors respond? If so, how? • Ethics: Is this alternative legal? Is it in the best interests of the customers, the employees, and the community where we operate? Would I feel comfortable if other people knew about this alternative? 	
Alternative 1:	
Relevant factors:	
Alternative 2:	
Relevant factors:	
Alternative 3:	
Relevant factors:	

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Communications Notification Form		
Once you make a decision, you need to communicate it to those responsible for implementing it and to everyone affected by it. Use this form to keep track of the people you need to inform and to outline what you plan to tell them.		
Part I. Who needs to be informed of the decision that's been made?		
Those Responsible for Implementation		
Name and title	Date to be informed and method	Tasks to be assigned, if applicable
<i>Example: Janet Doe, Product Manager</i>	<i>In-person meeting to review market study and proposed products by 12/1</i>	<i>Janet Doe's team to develop plan for new products</i>
Other Stakeholders and Department Heads		
<i>Example: Jonathan Smith, Director, Product Management</i>	<i>E-mail John before 12/1 to let him know you will be working with Janet Doe and her team</i>	<i>None</i>
External Constituents and Customers		
<i>Example: Reseller Network</i>	<i>Send out new-product announcement and collateral before 2/15</i>	<i>Identify any seller concerns</i>
Part II. What needs to be communicated about the decision that's been made?		
1. Describe the issue or circumstances that required a decision. Think about this from your stakeholders' perspective.		
2. List your objectives, or desired outcomes, in making the decision.		
3. List the participants who were involved in making the decision.		
4. Briefly explain some of the alternatives that were considered.		
5. Discuss the final decision that was reached and its benefit to the stakeholder.		
6. Outline the implementation plan and time frame.		
7. Recognize those who were involved in the decision-making process.		

8. Solicit feedback and comments on the outcome.

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Worksheet for assessing the decision-making process

<i>Worksheet for Assessing the Decision-Making Process</i>			
<i>Use this tool to assess how well you and your team support an effective decision-making process.</i>			
Questions about yourself	Rating		
	All of the Time	Some of the Time	Never
1. Do you make sure that the group's objectives in the decision-making are clear from the start?			
2. Do you seek out information from a variety of people and sources to make decisions?			
3. Do you frame issues in a way that encourages the exploration of multiple solutions?			
4. Do you make sure that at least one minority viewpoint is considered in all group discussions?			
5. Do you use reliable data and statistics to support your arguments?			
6. Do you involve knowledgeable outsiders to participate in group discussions to provide insight?			
7. Do you encourage team members to step out of their traditional roles when generating alternatives?			
8. Do you facilitate open, constructive dialogue?			
9. Do you ask probing, open-ended questions to promote understanding and the creation of new alternatives?			
10. Do you continually review your objectives during your meetings to ensure that your discussions are on target?			
Questions about your group			
11. Does everyone in the group participate?			
12. Do group members listen attentively to the viewpoints of others?			
13. Do group members act more like unbiased critical thinkers than advocates of particular interests?			
14. Does your group consider multiple alternatives for a decision?			
15. Does your group take time to ask questions and debate options before coming to agreement?			
Ideas for Improvement			
Based on your answers, what changes could you make to your decision-making to make it more effective? Is your group?			

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Why Develop Others?

“At the end of the day, you bet on people, not strategies.”

Larry Bossidy

Former CEO, AlliedSignal

In today's global business environment, markets and regulations change quickly. Competitors constantly innovate. Technological changes are the norm.

In order to outmaneuver the competition and meet the demands of the moment, organizations must be agile. They must execute flawlessly. And they must transform themselves continuously.

Are your leaders ready?

Dr. Noel M. Tichy
Professor
University of Michigan Ross School of Business

We have now entered an era where I don't care what industry you're in, you need leaders who can make decisions, make judgment calls at every single level. All the way down to the interface with the customer.

If you go to a company like Google or any of the high tech companies, a lot of the innovation that Amazon does is happening right at the front line. Go ahead, try it, put it out there, we'll learn from it. That cannot happen if the senior leadership doesn't have a commitment to both develop the leadership capability, but develop the business through engaging people at all levels of the organization.

Becoming a teaching organization

I like to tell parents that they cannot delegate their responsibility to develop their children. And I think it is the same in an organization. Day in and day out the person that has the biggest impact on people in the organization is the next level above and the associates around and below. And so to build a learning organization I say is not enough. Learning could be, you know we are learning cooking, we are learning this or that, but teaching organizations, when I learned something, I have a responsibility to teach my colleagues.

So everybody takes responsibility for generating new knowledge and it is not enough to be a learner, you then have to translate it into teaching.

The Virtuous Teaching Cycle

The role of a leader is to ensure that the people who work for them and around them are better every day. There's only one way to make people better. It's to teach them, learn from them, create what I call "virtuous teaching cycles", not command and control.

A virtuous teaching cycle is teach learn, teach learn. And the leader has a responsibility for reducing the hierarchy, for having a point of view to start the discussion, but then to be responsible to hear everyone's voice, get everyone involved in a disciplined way. It is not a free for all. But it is the leader's responsibility to create that virtuous teaching cycle.

A wonderful example of virtuous teaching cycle is the program that Roger Enrico ran at Pepsi, where every one of the 10 vice presidents comes with a business project.

Roger Enrico gets smarter as result of five days with 10 vice presidents, because he's learning from them. He needs to lower the hierarchy. He needs to be open to learning. And in turn, the people participating need to be energized and empowered to come up and engage in problem solving.

Another example is at Best Buy, where every morning in the stores you would bring 20 associates or so together and they would review the profit and loss statement from the day before, what we learned from the different customer segments in our stores, what we can do to improve our performance this day. And they do that every single day. The store manager was learning mostly from the associates on the floor.

That was a virtuous teaching cycle were everybody is teaching everybody, everybody is learning and the result has been an incredible result at Best Buy.

“The growth and development of people is the highest calling of leadership.”

- Harvey S. Firestone

Founder, Firestone Tire and Rubber Co

There are clear advantages to leader-led development.

But for many leaders, taking on teaching, coaching, and other development responsibilities can seem daunting. You might avoid taking on these roles due to lack of time, resources, or your own lack of comfort with this role.

The following tips and resources can help you impart valuable learning to your team every day.

To develop others...

- Start with a Teachable Point of View

The first requirement of being able to develop other leaders is to have what I call a teachable point of view. I often give the example of, if I ran a tennis camp and you just came to day one of the tennis camp, I better have a teachable point of view on how I teach tennis. So you are standing there looking at me and it has got four elements. One, the ideas, well how do I teach the backhand, the forehand, the serve, rules of tennis. Then if I am a good tennis coach, I have a set of values. What are the right behaviors I want, how do I want you to dress, how do I want you to behave on the tennis court.

But if that's all I have, what do I do? Show you a power point presentation and then expect you to hit 500 backhands, 500 serves, run around for eight hours. I have to have a teachable point of view on emotional energy. How do I motivate you to buy in to the ideas and values?

On one end of the spectrum it could be I threaten you with corporal punishment, the other I can give you stock options, I can make you feel good about yourself, I can help you develop as a human being, what motivates you.

And then finally, how do I make the tough judgment calls, the yes/no, decisions as the tennis coach, the ball is in, the ball is out. I don't hire consultants and set up a committee, it is yes/no. And the same with running a business, what are the products, services, distribution channels, customer segments that are going to grow top line growth and profitability of the organization.

What are the values that I want everyone in the organization to have, how do I emotionally energize thousands of people, and then how do I make the yes/no, judgments on people and on business issues. So the fundamental building block of being able to develop other leaders is to have that teachable point of view just like the tennis coach.

To develop others...

- Lead with questions

Questions are hugely important because you want to create dialogue and again, what I call a virtuous teaching cycle where the teacher learns from the students and vice versa. Which means everybody ought to be free to ask whatever is on their mind, whatever it will take to get clarity and understanding, but it is not the leader just coming in and freeform asking questions. I believe the leader has a responsibility for framing the discussion, for having as best they can a teachable point of view, they may need help from their people in flushing it out, but they need to set the stage but then it has to be a very interactive, what I call virtuous teaching cycle environment, teach learn, teach learn, teach learn.

To develop others...

- Make it part of your routine

A good example to me of an outstanding leader developing other leaders is Myrtle Potter who at the time I am commenting was Chief Operating Officer of Genentech running the commercial side of the business. And she would take time at the end of every single meeting and do some coaching of the whole team on how we could perform as a team better, and then she would often take individuals and say, could we spend 10 minutes over a cup of coffee, I want to give you some feedback and coaching on that report that you just presented on or how you are handling a particularly difficult human resource issue, but it was part of her regular routine. And I think the challenge for all of us as leaders is to make that a way of life and it is built into the fabric of how we lead and it is not a one off event, three times a year. It is happening almost every day.

To develop others...

- Make it a priority

One of the biggest challenges in getting people kind of on this path is to overcome some of their own resistance, either fear or the way I view the world I don't have time for this, everybody can make time. Roger Enrico is CEO of Pepsi. He didn't have time to go off for a week at a time and run training sessions. He had to readjust his calendar. So it requires you to look in the mirror and say, is this important. If it is important, of course I can make the time. Then I have to get over my own anxiety on how well I can do it, but it is a commitment to get on the path that says: this is how I am going to drive my own performance and the performance of my colleagues.

To develop others...

- Learn to teach

I think the biggest mistake is to assume you are going to be good at it right off the bat. It is like learning anything else. First time you go out and try and play tennis, good luck. But you got to stay with it and you got to engage your people in helping make you better and them better. And so it is a journey you need to get on, not I am going to do it perfectly when I start out.

If you want to be a great leader who is a great teacher, it's very simple. You have got to dive into the deep end of the pool. But you've got to dive into the pool with preparation. I don't want you drowning. I want you succeeding. It is extraordinarily rewarding for most human beings to teach others. I think once you can turn that switch on, it is self perpetuating. You get a lot of reinforcement, your team is better. You perform better because your performance goes up and it becomes this virtuous teaching cycle.

Your opportunity to develop others

We've heard why developing others can drive greater business results, and how to make the most of your leader-led development efforts. The materials provided in Develop Others enable you to create personalized learning experiences for YOUR team within the flow of their daily activities. Use the guides and projects to engage your team quickly. And to explore how key concepts apply to them in the context of their priorities and goals.

The value of teaching is the performance of the organization is totally dependent on making your people smarter and more aligned every day as the world changes. In the 21st century we are not going to get by with command and control. We are going to have to get by with knowledge creation. The way you create knowledge in an organization is you create these virtuous teaching cycles where you are teaching and learning simultaneously, responding to

customer demands and changes, responding to changes in the global environment. My bottom line is if you're not teaching, you're not leading.

A leader's most important role in any organization is making good judgments — well informed, wise decisions about people, strategy and crises that produce the desired outcomes. When a leader shows consistently good judgment, little else matters. When he or she shows poor judgment nothing else matters. In addition to making their own good judgment calls, good leaders develop good judgment among their team members.

Dr. Noel M. Tichy

Professor, University of Michigan Ross School of Business

Dr. Noel M. Tichy is Professor of Management and Organizations, and Director of the Global Business Partnership at the University of Michigan Ross School of Business. The Global Business Partnership links companies and students around the world to develop and engage business leaders to incorporate global citizenship activities, both environmental projects and human capital development, for those at the bottom of the pyramid. Previously, Noel was head of General Electric's Leadership Center at Crotonville, where he led the transformation to action learning at GE. Between 1985 and 1987, he was Manager of Management Education for GE where he directed its worldwide development efforts at Crotonville. He currently consults widely in both the private and public sectors. He is a senior partner in Action Learning Associates. Noel is author of numerous books and articles, including:

For more information about Noel Tichy, visit <http://www.noeltichy.com>.

Share an Idea

Leaders are in a unique position to recognize the ideas and tools that are most relevant and useful for their teams. If you only have a few minutes, consider sharing an idea or tool from this topic with your team or peers that is relevant and timely to their situation.

For example, consider sending one of the three recommended ideas or tools below to your team with your comments or questions on how the idea or tool can be of value to your organization. By simply sharing the item, you can easily engage others in important conversations and activities relevant to your goals and priorities.

[Steps for identifying decision-making objectives](#)

[Tips for defining problems](#)

[Worksheet for evaluating alternatives](#)

To share an idea, tip, step, or tool with your comments via e-mail, select the EMAIL link in the upper right corner of the page that contains the idea, tip, step, or tool that you wish to share.

Discussion 1: Generating and evaluating alternatives

The best decisions come from a thoughtful, thorough decision process. To make optimal decisions, your team needs to consider *all* available alternatives, evaluating each in turn before selecting the

most promising path.

You and your team can make substantial contributions to your unit or department by continuously improving the quality of its decisions. That begins by developing your team's capacity to generate and evaluate many possible courses of action.

Use these resources to lead a discussion with your team about techniques for generating and evaluating decision alternatives.

Download resources:

[Discussion Invitation: Generating and Evaluating Alternatives](#)

[Discussion Guide: Generating and Evaluating Alternatives](#)

[Discussion Slides: Generating and Evaluating Alternatives \(optional\)](#)

[Tips for Preparing for and Leading the Discussion](#)

The discussion you have with your team will help team improve its ability to generate and evaluate decision alternatives.

Working through the discussion guide can take up to 45 minutes. If you prefer a shorter 15- or 30-minute session, you may want to focus only on those concepts and activities most relevant to your situation.

Discussion 2: Moving toward closure

Knowing when to end deliberations about a decision is challenging. If you make a decision too early, you might not explore enough possibilities. If you make a decision too late, you may waste valuable time and miss the opportunity to solve a problem or capitalize on a new idea. You and your team can make substantial contributions to your unit or department by knowing how and when to close the decision process with skill and confidence. Fortunately, there are some specific techniques that will allow your group to move to closure in a systematic, timely manner.

Use these resources to lead a discussion with your team that explores obstacles to finalizing a decision and methods for making a timely decision.

Download resources:

[Discussion Invitation: Moving Toward Closure](#)

[Discussion Guide: Moving Toward Closure](#)

[Discussion Slides: Moving Toward Closure \(optional\)](#)

[Tips for Preparing for and Leading the Discussion](#)

The discussion you have with your team members will help them understand and apply techniques for moving a decision to closure in a timely and effective manner.

Working through the discussion guide can take up to 45 minutes. If you prefer a shorter 15- or 30-minute session, you may want to focus only on those concepts and activities most relevant to your situation.

Start a Group Project

Just like any change effort, successfully incorporating new skills and behaviors into one's daily activities and habits takes time and effort. After reviewing or discussing the concepts in this topic, your direct reports will still need your support to fully apply new concepts and skills. They will need to overcome a variety of barriers including a lack of time, lack of confidence, and a fear of making mistakes. They will also need opportunities to hone their skills and break old habits. To help ensure their success, you can provide safe opportunities for individuals and your team as a whole to practice and experiment with new skills and behaviors on the job.

For example, to encourage the adoption of new norms, you can provide your team members with coaching, feedback, and additional time to complete tasks that require the use of new skills. Management approaches such as these will encourage team members to experiment with new skills until they become proficient.

Group learning projects provide another valuable technique for accelerating team members' development of new behaviors. A group learning project is an on-the-job activity aimed at providing team members with direct experience implementing their new knowledge and skills. Through a learning project, team members discover how new concepts work in the context of their situation, while simultaneously having a direct and tangible impact on the organization.

The documents below provide steps, tips, and a template for initiating a group learning project with your team, along with two project recommendations for this topic.

Download resources:

[Tips for Initiating and Supporting a Learning Project](#)

[Learning Project Plan Template](#)

[Learning Project: Reviewing a Past Decision Process](#)

[Learning Project: Setting the Stage for an Upcoming Decision](#)

A Leader's Framework for Decision Making

David J. Snowden and Mary E. Boone. "A Leader's Framework for Decision Making." *Harvard Business Review*, November 2007.

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Summary

Many executives are surprised when previously successful leadership approaches fail in new situations, but different contexts call for different kinds of responses. Before addressing a situation, leaders need to recognize which context governs it—and tailor their actions accordingly.

Why Good Leaders Make Bad Decisions

Andrew Campbell, Jo Whitehead, and Sydney Finkelstein. "Why Good Leaders Make Bad Decisions." *Harvard Business Review*, February 2009.

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Summary

Decision making lies at the heart of our personal and professional lives. Yet the daunting reality is that enormously important decisions made by intelligent, responsible people with the best information and intentions are nevertheless hopelessly flawed at times. In part, that's due to the way our brains work. Modern neuroscience teaches us that two hardwired processes in the brain—pattern recognition and emotional tagging—are critical to decision making. Both are normally reliable; indeed, they provide us with an evolutionary advantage. But in certain circumstances, either one can trip us up and skew our judgment. In this article, Campbell and Whitehead, directors at the Ashridge Strategic Management Centre, together with Finkelstein, of Dartmouth's Tuck School, describe the conditions that promote errors of judgment and explore how organizations can build safeguards against them into the decision-making process.

All the Wrong Moves

David A. Garvin, Christopher J. McCormick, Hauke Moje, Ralph Biggadike, and Paul Domorski. "All the Wrong Moves." *Harvard Business Review*, January 2006.

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Summary

Nutrorim's products have been gaining national attention. In particular, sales of the company's organic, performance-enhancing sports supplement powder, ChargeUp, have gone through the roof. Now the new and improved version, called ChargeUp with Lipitrene, has recently hit the market, and expectations are high. CEO Don Rifkin has tried hard to build an inclusive, democratic culture at this successful company. But the organization's open decision-making process has proved problematic, especially during times of conflict and crisis—and a crisis there is. Several months after ChargeUp with Lipitrene is initially released, an investigator from the Minnesota state department of health calls Rifkin to report "11 cases of gastrointestinal distress" among those using the supplement. Nutrorim's top executives must now decide whether to recall the product. The head of R&D, Steve Ford, insists there is nothing wrong with the new ChargeUp, citing elaborate toxicity studies in animals and humans. Meanwhile, the heads of PR and legal want to stem any negative publicity by recalling the product and issuing a press release to that effect. The company decides to recall the supplement—but, two weeks later, the health department investigator calls back with good news: The people who had become ill, it turns out, had actually picked up a bug from their gym's smoothie bar. In other words, Nutrorim is exonerated. But the close call prompts Nutrorim to bring in a consultant to review the company's methods for making decisions. Among the many questions he's asking is, What's the right decision-making process for Nutrorim?

Commenting on this fictional case study are Christopher J. McCormick, the president and CEO of L.L.Bean; Hauke Moje, a partner at Roland Berger Strategy Consultants; Ralph Biggadike, a professor of professional practice at Columbia Business School; and Paul Domorski, the vice-president of service operations at Avaya.